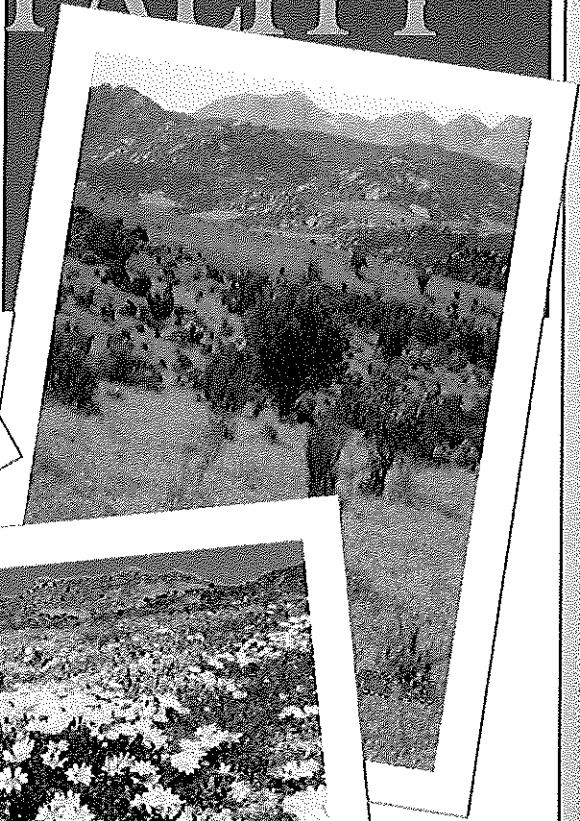


NAMAKWA DISTRICT MUNICIPALITY



ANNUAL FINANCIAL STATEMENTS

For the year ended 30 June 2014

Annual Financial Statements

for

Namakwa District Municipality

for the year ended 30 June: **2014**

Province:

Northern Cape

AFS rounding:

R (i.e. only cents)

Contact Information:

Name of Municipal Manager:	Madeleine Lesley Brandt
Name of Chief Financial Officer:	Rajiv Datadin
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Contact e-mail address:	012 315 5079

Namakwa District Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2014

General information

Members of the Council

BG Vass	Mayor
MS Cardinal	Speaker
P van Heerden	Member of the Executive Committee
SD Hoskin	Member of the Executive Committee
FX Cupido	Member of the Executive Committee
EC Drage-Maritz	Member
SF Nieuwoudt	Member
CR Warne	Member
J Swarts	Member
P van Heerden	Member
KR Groenewald	Member
S van Wyk	Member
J van der Colff	Member
WJ Links	Member
GJ Coetzee	Member
SJ Engelbrecht	Member

Municipal Manager

Madeleine Lesley Brandt

Chief Financial Officer

Rajiv Datadin

Grading of Local Authority

The Namakwa District Municipality includes the municipal areas of Khai-Ma Municipality, Nama Khoi Municipality, Richtersveld Municipality, Kamiesberg Municipality, Hantam Municipality and Karoo Hoogland Municipality.

Auditors

Auditor-General

Bankers

Absa Bank

Namakwa District Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2014

General Information (continued)

Registered Office: Namakwa District Municipality Building

Physical address: Van Riebeeck Street
Springbok
8240

Postal address: Private Bag X20
SPRINGBOK
8240

Telephone number: (027) 712 8000

Fax number: (027) 712 8040

E-mail address: info@namakwa-dm.gov.za

Relevant Legislation:

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Systems Amendment Act (Act no 7 of 2011)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations
Municipal Budget and Reporting Regulations

Namakwa District Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2014

Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages 5 to 96, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 28 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



Municipal Manager: Madeleine Lesley Brandt

31 August 2014

Namakwa District Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2014

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Namakwa District Municipality STATEMENT OF FINANCIAL POSITION as at 30 June 2014			
	Note	2014 R	2013 R
ASSETS			
Current assets			
Cash and cash equivalents	1	49 501 657	59 254 671
Receivables from non-exchange transactions	2	970 954	1 523 256
VAT receivable	8	412 636	32 602
Non-current assets			
Investments	3	1 146	1 146
Property, plant and equipment	4	10 619 688	8 329 669
Intangible assets	5	1 043 650	1 223 466
Investment property carried at cost	6	199 030	217 124
Total assets		62 748 760	70 581 934
LIABILITIES			
Current liabilities			
Trade and other payables from exchange transactions	7	5 756 233	11 336 867
Current employee benefits	9	3 248 711	3 040 845
Current portion of unspent conditional grants and receipts	10	9 049 487	3 530 631
Current portion of finance lease liability	11	72 062	85 631
Non-current liabilities			
Non-current finance lease liability	11	137 407	146 078
Non-current employee benefits	12	18 031 006	17 958 383
Total liabilities		36 294 905	36 098 433
Net assets		26 453 855	34 483 501
NET ASSETS			
Reserves		1 514 731	939 256
Accumulated surplus / (deficit)		24 939 124	33 544 245
Total net assets		26 453 855	34 483 501

Namakwa District Municipality STATEMENT OF FINANCIAL PERFORMANCE for the year ending 30 June 2014			
	Note	2014 R	2013 R
Revenue			
Revenue from Non-exchange Transactions		38 536 625	37 309 876
Transfer Revenue			
Government grants and subsidies	16	38 151 920	37 269 056
Other Revenue			
Actuarial Gains	17	384 705	40 820
Revenue from Exchange Transactions		4 841 612	6 695 477
Rental of facilities and equipment	13	644 365	571 610
Interest earned - external investments	14	2 805 105	3 065 503
Interest earned - outstanding receivables	15	59 053	61 165
Other income	17	1 333 090	2 997 198
Total revenue		43 378 237	44 005 353
Expenses			
Employee related costs	18	25 015 831	18 466 654
Remuneration of councillors	19	2 422 303	2 280 503
Debt impairment	2	349 828	1 450 592
Depreciation and amortisation expense	20	1 877 911	1 866 308
Repairs and maintenance		662 412	780 106
Finance costs	21	1 494 457	1 202 144
Contracted services	22	469 206	68 808
Grants and subsidies paid	23	3 425 414	4 319 532
General expenses	24	15 702 985	21 107 462
Total expenses		51 420 346	51 542 110
Gain / (loss) on sale of assets	25	13 665	(234 737)
(Impairment loss) / Reversal of impairment loss	26	(1 202)	(2 169)
Surplus / (deficit) for the period		(8 029 646)	(7 773 663)

Namakwa District Municipality STATEMENT OF CHANGES IN NET ASSETS as at 30 June 2014							
	Contingency Fund	Maintenance fund	Capital Replacement Reserve	Total: Reserves	Accumulated Surplus/(Deficit)	Total: Net Assets	
Note	R	R	R	R	R	R	
Balance at 30 June 2012	791 594	22 233	959 150	1 772 977	40 585 764	42 358 740	
Changes in accounting policy	-	-	-	-	-	-	
Correction of prior period error	-	-	-	-	(101 577)	(101 577)	
Restated balance	791 594	22 233	959 150	1 772 977	40 484 187	42 257 164	
Surplus / (deficit) on revaluation of property of property, plant and equipment	-	-	-	-	-	-	
Property, Plant and Equipment purchased	-	-	(833 721)	(833 721)	833 721	-	
Transfer to CRR	-	-	-	-	-	-	
Surplus / (deficit) for the period	-	-	-	-	(7 773 663)	(7 773 663)	
Balance at 30 June 2013	791 594	22 233	125 429	939 256	33 544 245	34 483 501	
Surplus / (deficit) on revaluation of property of property, plant and equipment	-	-	-	-	-	-	
Transfer from reserves	(389 064)	(22 233)	-	(411 297)	411 297	-	
Property, Plant and Equipment purchased	-	-	(2 579 798)	(2 579 798)	2 579 798	-	
Transfer to CRR	-	-	3 566 571	3 566 571	(3 566 571)	-	
Surplus / (deficit) for the period	-	-	-	-	(8 029 646)	(8 029 646)	
Balance at 30 June 2014	402 530	-	1 112 202	1 514 731	24 939 124	26 453 855	

Namakwa District Municipality CASH FLOW STATEMENT as at 30 June 2014			
	Note	2014 R	2013 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		48 714 862	41 994 116
Taxation - Prpoert Rates		44 344	39 833
Sales of goods and services		-	-
Grants		43 670 776	36 450 053
Interest received		2 805 105	3 065 503
Other receipts		2 194 637	2 438 726
Payments		54 488 079	43 118 773
Employee costs		28 232 338	19 643 634
Suppliers		26 220 682	23 444 593
Interest paid		35 059	30 547
Other payments		-	-
Net cash flows from operating activities	28	(5 773 217)	(1 124 658)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(4 054 911)	(1 673 790)
Purchase of Intangible Assets		(95 758)	(19 588)
Proceeds from disposal of assets		193 112	-
Purchase of foreign currency securities		-	-
Net cash flows from Investing activities		(3 957 557)	(1 693 378)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans raised		71 990	138 322
Repayment of borrowings		(94 230)	(62 391)
Proceeds from finance lease liability		-	-
Repayment of finance lease liability		-	-
Net cash flows from financing activities		(22 240)	75 931
Net Increase / (decrease) in net cash and cash equivalents		(9 753 014)	(2 742 105)
Net cash and cash equivalents at beginnng of period		59 254 671	61 996 377
Net cash and cash equivalents at end of period	29	49 501 657	59 254 271

Namakwa District Municipality
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION
for the year ended 30 June 2014

Notes	Original Budget	Budget Adjustments	Final Adjustment Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget
		(i.t.o. s28 and s31 of the MFMA)		(i.t.o. s31 of the MFMA)	(i.t.o. Council approved by-law)		2014	
	R	R	R	R	R	R	R	%
ASSETS								
Current Assets								
Cash	43.2.1	3 242 596	114 012	3 356 608	-	3 356 608	4 615 825	37.51%
Capital Investment Deposits		46 730 910	-	46 730 910	-	46 730 910	44 885 831	-3.95%
Consumer Debtors		-	-	-	-	-	-	-
Other Debtors	43.2.1	1 850 000	(850 000)	1 000 000	-	1 000 000	1 383 590	38.36%
Current Portion of long-term receivables		-	-	-	-	-	-	-
Inventory		-	-	-	-	-	-	-
Total Current Assets	43.2.1	51 823 506	(735 988)	51 087 518	-	51 087 518	50 885 247	99.60%
Non-Current Assets								
Long-term receivables		-	-	-	-	-	-	-
Investments		1 146	-	1 146	-	1 146	1 146	-
Investment Property	43.2.2	-	184 549	184 549	-	184 549	199 030	7.85%
Investment in Associates		-	-	-	-	-	-	-
Property, Plant and Equipment	43.2.2	8 700 158	(831 536)	7 868 622	-	7 868 622	10 619 688	34.96%
Agricultural Assets		-	-	-	-	-	-	-
Biological Assets		-	-	-	-	-	-	-
Intangible Assets		1 475 916	(524 488)	951 428	-	951 428	1 043 650	9.69%
Other Non-Current Assets		-	-	-	-	-	-	-
Total Non-Current Assets	43.2.2	10 177 220	(1 171 475)	9 005 745	-	9 005 745	11 863 514	31.73%
TOTAL ASSETS		62 000 726	(1 907 463)	60 093 263	-	60 093 263	62 748 760	4.42%
LIABILITIES								
Current Liabilities								
Bank Overdraft		-	-	-	-	-	-	-
Borrowing	43.2.3	-	-	-	-	-	72 062	100.00%
Consumer Deposits		-	-	-	-	-	-	-
Trade and Other Payables	43.2.3	4 453 317	(394 502)	4 058 815	-	4 058 815	14 805 720	264.78%
Provisions	43.2.3	3 121 371	(1 500 111)	1 621 260	-	1 621 260	3 248 711	100.38%
Total Current Liabilities	43.2.3	7 574 688	(1 894 613)	5 680 075	-	5 680 075	18 126 492	219.12%
Non-Current Liabilities								
Borrowing	43.2.4	102 771	43 306	146 077	-	146 077	137 407	-5.94%
Provisions	43.2.4	17 505 926	2 320 287	19 826 213	-	19 826 213	18 031 006	-9.05%
Total Non-Current Liabilities	43.2.4	17 608 697	2 363 593	19 972 290	-	19 972 290	18 168 412	-9.03%
TOTAL LIABILITIES		25 183 385	468 980	25 652 365	-	25 652 365	36 294 905	41.49%
NET ASSETS								
Accumulated Surplus/(Deficit)	43.2.5	34 062 341	(3 313 443)	30 748 898	-	30 748 898	24 939 124	-18.89%
Reserves	43.2.5	2 755 000	937 000	3 692 000	-	3 692 000	1 514 731	-58.97%
Minorities' Interests		-	-	-	-	-	-	0.00%
TOTAL NET ASSETS	43.2.5	36 817 341	(2 376 443)	34 440 898	-	34 440 898	26 453 855	-23.19%

Namakwa District Municipality
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2014

Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget
	R	R	R	R	R	R	2014 R	%
REVENUE								
Property Rates	-	-	-	-	-	-	-	-
Property Rates - Penalties & Collection Charges	-	-	-	-	-	-	-	-
Service Charges - Electricity Revenue	-	-	-	-	-	-	-	-
Service Charges - Water Revenue	-	-	-	-	-	-	-	-
Service Charges - Sanitation Revenue	-	-	-	-	-	-	-	-
Service Charges - Refuse Revenue	-	-	-	-	-	-	-	-
Service Charges - Other Revenue	-	-	-	-	-	-	-	-
Rental of Facilities and Equipment	927 375	-	927 375	-	-	927 375	644 365	-30.52%
Interest Earned - External Investments	1 450 000	-	1 450 000	-	-	1 450 000	2 805 105	93.46%
Interest Earned - Outstanding Debtors	100 000	-	100 000	-	-	100 000	59 053	-40.95%
Dividends Received	-	-	-	-	-	-	-	-
Fines	5 000	-	5 000	-	-	5 000	-	-
Licences and Permits	-	-	-	-	-	-	-	-
Agency Services	13 956 561	-	13 956 561	-	-	13 956 561	5 311 472	-61.94%
Transfers Recognised - Operational	60 767 667	(4 306 171)	56 461 496	-	-	56 461 496	44 852 969	-20.56%
Other Revenue	1 325 000	-	1 325 000	-	-	1 325 000	1 717 795	29.64%
Gains on Disposal of PPE	-	400 000	400 000	-	-	400 000	13 665	-96.58%
Total Revenue (excluding capital transfers and contributions)	78 531 603	(3 906 171)	74 625 432	-	-	74 625 432	55 404 422	-25.76%
EXPENDITURE								
Employee Related Costs	32 728 367	1 200 166	33 928 533	-	-	33 928 533	32 379 649	-4.57%
Remuneration of Councillors	2 433 578	70 000	2 503 578	-	-	2 503 578	2 422 303	-3.25%
Debt Impairment	-	-	-	-	-	-	349 828	0.00%
Depreciation and Asset Impairment	1 951 200	(20 000)	1 931 200	-	-	1 931 200	1 877 911	-2.76%
Finance Charges	1 171 597	-	1 171 597	-	-	1 171 597	1 494 457	27.56%
Bulk Purchases	-	-	-	-	-	-	-	-
Other Materials	-	-	-	-	-	-	-	-
Contracted Services	8 520 973	-	8 520 973	-	-	8 520 973	469 206	-94.49%
Transfers and Grants	10 975 000	(919 000)	10 056 000	-	-	10 056 000	3 425 414	-65.94%
Other Expenditure	32 182 630	(5 308 349)	26 874 281	-	-	26 874 281	21 015 301	-21.80%
Loss on Disposal of PPE	-	-	-	-	-	-	-	0.00%
Total Expenditure	89 963 345	(4 977 183)	84 986 162	-	-	84 986 162	63 434 068	-25.36%

Surplus/(Deficit)									
Transfers Recognised - Capital		1 071 012	(10 360 730)	-	-	(10 360 730)	(8 029 646)	22.50%	
Contributions Recognised - Capital	645 000	810 000	1 455 000			1 455 000	-	-100.00%	
Contributed Assets	-	-	-	-	-	-	-	-	
Surplus/(Deficit) after Capital Transfers & Contributions									
Taxation									
	(10 786 742)	1 881 012	(8 905 730)	-	-	(8 905 730)	(8 029 646)	-9.84%	
Surplus/(Deficit) after Taxation									
Attributable to Minorities									
	(10 786 742)	1 881 012	(8 905 730)	-	-	(8 905 730)	(8 029 646)	-9.84%	
Surplus/(Deficit) Attributable to Municipality									
Share of Surplus/(Deficit) of Associate									
	(10 786 742)	1 881 012	(8 905 730)	-	-	(8 905 730)	(8 029 646)	-9.84%	
Surplus/(Deficit) for the year									
	(10 786 742)	1 881 012	(8 905 730)	-	-	(8 905 730)	(8 029 646)	-9.84%	

Namakwa District Municipality
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT
for the year ended 30 June 2014

Notes	Original Budget	Budget Adjustments	Final Adjustment Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget
	R	(i.t.o. s28 and s31 of the MFMA)	R	(i.t.o. s31 of the MFMA)	(i.t.o. Council approved by-law)	R	2014 R	%
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Ratepayers and other	16 313 936	850 000	17 163 936	-	-	17 163 936	2 238 981	-86.96%
Government - Operating	60 767 667	(2 866 171)	57 901 496	-	-	57 901 496	42 296 227	-26.95%
Government - Capital	645 000	(630 000)	15 000	-	-	15 000	1 374 549	9063.66%
Interest	1 450 000	-	1 450 000	-	-	1 450 000	2 805 105	93.46%
Dividends	-	-	-	-	-	-	-	-
Payments								
Suppliers and Employees	(71 094 995)	9 524 881	(61 570 114)	-	-	(61 570 114)	(51 027 607)	-17.12%
Finance Charges	-	-	-	-	-	-	(35 059)	-100.00%
Transfers and Grants	(10 975 000)	919 000	(10 056 000)	-	-	(10 056 000)	(3 425 414)	-65.94%
Net Cash from/(used) Operating Activities	(2 893 392)	7 797 710	4 904 318	-	-	4 904 318	(5 773 217)	-217.72%
CASH FLOW FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	-	400 000	400 000	-	-	400 000	193 112	-51.72%
Decrease/(Increase) in Non-Current Debtors	-	-	-	-	-	-	-	-
Decrease/(Increase) in Other Non-Current Receivables	-	-	-	-	-	-	-	-
Decrease/(Increase) in Non-Current Investments	-	-	-	-	-	-	-	-
Payments								
Capital Assets	(3 400 000)	(1 747 000)	(5 147 000)	-	-	(5 147 000)	(4 150 669)	-19.36%
Net Cash from/(used) Investing Activities	(3 400 000)	(1 347 000)	(4 747 000)	-	-	(4 747 000)	(3 957 557)	-16.63%
CASH FLOW FROM FINANCING ACTIVITIES								
Receipts								
Short Term Loans	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	71 990	100.00%
Increase/(Decrease) in Consumer Deposits	-	-	-	-	-	-	-	-
Payments								
Repayment of Borrowing	-	(43 306)	(43 306)	-	-	(43 306)	(94 230)	117.59%
Net Cash from/(used) Financing Activities	-	(43 306)	(43 306)	-	-	(43 306)	(22 240)	-48.65%
NET INCREASE/(DECREASE) IN CASH HELD	(6 293 392)	6 407 404	114 012	-	-	114 012	(9 753 014)	-8654.38%
Cash and Cash Equivalents at the year begin:	56 266 898	(6 293 392)	49 973 506	-	-	49 973 506	59 254 671	18.57%
Cash and Cash Equivalents at the year end:	49 973 506	114 012	50 087 518	-	-	50 087 518	49 501 657	-1.17%

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the Finance Management Act (MFMA) and effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

The standards are summarised as follows:

REFERENCE	TOPIC
GRAP Framework	Framework for the preparation and presentation of financial statements
GRAP 1 (Revised)	Presentation of Financial Statements
GRAP 2 (Revised)	Cash Flow Statements
GRAP 3 (Revised)	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4 (Revised)	The Effects of changes in Foreign Exchange Rates
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7 (Revised)	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 9 (Revised)	Revenue from Exchange Transactions
GRAP 10 (Revised)	Financial Reporting in Hyperinflationary Economics
GRAP 11 (Revised)	Construction Contracts
GRAP 12 (Revised)	Inventories

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

GRAP 13 (Revised)	Leases
GRAP 14 (Revised)	Events after the reporting date
GRAP 16 (Revised)	Investment Property
GRAP 17 (Revised)	Property, Plant and Equipment
GRAP 19 (Revised)	Provisions, Contingent Liabilities and Contingent Assets
GRAP 21	Impairment of non-cash-generating assets
GRAP 23	Revenue from Non-exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits
GRAP 26	Impairment of cash-generating assets
GRAP 27	Agriculture
GRAP 31	Intangible Assets
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments
IGRAP 1 (Revised)	Applying the probability test on initial recognition of exchange revenue
IGRAP 2	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IGRAP 3	Determining whether an Arrangement Contains a Lease
IGRAP 4	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IGRAP 5	Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies
IGRAP 6	Loyalty Programmes
IGRAP 7	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IGRAP 8	Agreements for the Construction of Assets from Exchange Transactions
IGRAP 9	Distribution of Non-cash Assets to Owners
IGRAP 10	Assets Received from Customers
IGRAP 13	Operating Leases – Incentives
IGRAP 14	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IGRAP 15	Revenue – Barter Transactions Involving Advertising Services
IGRAP 16	Intangible Assets – Website Costs
IFRS 4	Insurance Contracts
IFRS 6	Exploration for and Evaluation of Mineral Resources
Directive 5	Determining the GRAP Reporting Framework
Directive 7	The Application of Deemed Cost on the Adoption of Standards of GRAP

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

ASB Guide 1	Guideline on Accounting for Public Private Partnerships
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The Municipality resolved to early adopt the following GRAP standards which have been issued but are not yet effective:

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 5 (Revised – Feb 2013)	Borrowing Costs	1 April 2014
GRAP 100 (Revised – Feb 2013)	Discontinued Operations (formerly known as Non-Current Assets Held for Sale and Discontinued Operations)	1 April 2014

The Municipality use the following GRAP standard to disclose information in its financial statements:

REFERENCE	TOPIC
GRAP 20	Related Party Disclosures

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Property, Plant and Equipment, Investment Property and Intangible Assets where the acquisition cost of an asset could not be determined.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand. No foreign exchange transactions are included in the statements.

1.3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

1.6. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as separate additional financial statements, namely Statements of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2013 to 30 June 2014. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations for material differences between the final budget amounts and actual amounts are included the notes to the financial statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24. No amendments or disclosure requirements in terms of GRAP 3 (Revised – March 2012) has been made.

1.7. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

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REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 6 (Revised – Nov 2010)	<p><u>Consolidated and Separate Financial Statements</u></p> <p>The objective of this Standard is to prescribe the circumstances in which consolidated and separate financial statements are to be prepared and the information to be included in those financial statements so that the consolidated financial statements reflect the financial performance, financial position and cash flows of an economic entity as a single entity.</p> <p>No significant impact is expected as the Municipality does not have any entities at this stage to be consolidated.</p>	Unknown
GRAP 8 (Revised – Nov 2010)	<p><u>Interest in Joint Ventures</u></p> <p>The objective of this Standard is to prescribe the accounting treatment of jointly controlled operations, jointly controlled assets and jointly controlled entities and to provide alternatives for the recognition of interests in jointly controlled entities.</p> <p>No significant impact is expected as the Municipality is not involved in any joint ventures.</p>	Unknown
GRAP 18 (Original – Feb 2011)	<p><u>Segment Reporting</u></p> <p>The objective of this Standard is to establish principles for reporting financial information by segments.</p> <p>Information to a large extent is already included in the appendices to the financial statements which do not form part of the audited financial statements.</p>	1 April 2015
GRAP 20 (Original – Jun 2011)	<p><u>Related Party Disclosure</u></p> <p>The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.</p> <p>The Municipality resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.</p>	Unknown
GRAP 32 (Original – Aug 2013)	<p><u>Service Concession Arrangements: Grantor</u></p> <p>The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public entity.</p> <p>No significant impact expected as any such transactions or events are expected in the foreseeable future.</p>	Unknown
GRAP 105 (Original – Nov 2010)	<p><u>Transfer of Functions Between Entities Under Common Control</u></p> <p>The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control.</p> <p>No significant impact expected as any such transactions or events are expected in the foreseeable future.</p>	1 April 2015

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

GRAP 106 (Original – Nov 2010)	<p><u>Transfer of Functions Between Entities Not Under Common Control</u></p> <p>The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control.</p> <p>No significant impact expected as any such transactions or events are expected in the foreseeable future.</p>	1 April 2015
GRAP 107 (Original – Nov 2010)	<p><u>Mergers</u></p> <p>The objective of this Standard is to establish accounting principles for the combined entity and combining entities in a merger.</p> <p>No significant impact expected as any such transactions or events are expected in the foreseeable future.</p>	1 April 2015
GRAP 108 (Original – Sept 2013)	<p><u>Statutory Receivables</u></p> <p>The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	Unknown
IGRAP 11	<p><u>Consolidation - Special Purpose Entities (SPE)</u></p> <p>The objective of this Interpretation of the Standard is to prescribe under what circumstances an entity should consolidate a SPE.</p> <p>No significant impact is expected as the Municipality does not have any SPE's at this stage.</p>	Unknown
IGRAP 12	<p><u>Jointly Controlled Entities non-monetary contributions</u></p> <p>The objective of this Interpretation of the Standard is to prescribe the treatment of profit/loss when an asset is sold or contributed by the venture to a Jointly Controlled Entity (JCE).</p> <p>No significant impact is expected as the Municipality does not have any JCE's at this stage.</p>	Unknown
IGRAP 17	<p><u>Service Concession Arrangements where a grantor controls a significant residual interest in an Asset</u></p> <p>The objective of this Interpretation of the Standard is to provide guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.</p> <p>No significant impact is expected as the Municipality does not have any Concession Arrangements at this stage.</p>	Unknown

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1.8. FOREIGN CURRENCY TRANSACTIONS

The Municipality will not incur a foreign currency liability other than that allowed by the MFMA.

1.9. RESERVES

1.9.1. Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, funds are transferred from the accumulated surplus / (deficit) to the CRR. The funds in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus / (Deficit) are credited by a corresponding amount when the amounts in the CRR are utilized.

The CRR may only be utilized for the purpose of purchasing/ construction of items of property, plant and equipment and may not be used for the maintenance of these items.

1.9.2. Revaluation Reserve

The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve. The revaluation reserve is realized as revaluated buildings are depreciated, through a transfer from the Revaluation Reserve to the accumulated surplus / (deficit). On disposal, the net revaluation surplus is transferred to the accumulated surplus / (deficit) while gains or losses on disposal, based on revaluated amounts, are charged to the Statement of Financial Performance.

1.10. LEASES

1.10.1. Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Transfer of ownership is not required to be recognised as a finance lease. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and

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equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality shall recognise the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.10.2. Municipality as Lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality shall recognise the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leases asset is diminished.

1.11. BORROWING COST

The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

1.12. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

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This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.13. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately disclosed in the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from public.

The following provisions are set for the creation and utilisation of grant receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

1.14. PROVISIONS

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent liability is:

- a) a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) a present obligation that arises from past events but is not recognised because:

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

- i. it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
- ii. the amount of the obligation cannot be measured with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The municipality has a detailed formal plan for the restructuring identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date. This means:

- Provisions for one-off events are measured at the most likely outcome;
- Provisions for large populations of events are measured at a probability-weighted expected value; and
- Both measurements are discounted (where the effect is material) using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the liability.

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1.15. EMPLOYEE BENEFITS

(a) *Pension and Retirement Fund Obligations*

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

(b) *Post-Retirement Medical Obligations*

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(c) *Long Service Awards*

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(d) Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

Accumulated leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

(e) Staff Bonuses

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

(f) Other Short-term Employee Benefits

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.16. PROPERTY, PLANT AND EQUIPMENT

1.16.1. Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to

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the entity, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measure at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.16.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.16.3. Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated useful lives:

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	<i>Years</i>		<i>Years</i>
<u>Infrastructure</u>		<u>Other</u>	
Roads, pavements and bridges	10-30	Buildings	50
Storm Water	20	Specialist vehicles	10
Electricity	20-30	Other vehicles	12
Water	15-20	Office equipment	3-10
Sanitation	15-20	Furniture and fittings	5-10
Waste Management	30	Watercraft	15
		Bins and containers	5
<u>Community</u>		Specialised plant and Equipment	10-15
Sports fields and Stadia	20-30		
Housing	20-30	Other plant and equipment	
Security Halls	5		
	20-30	Equipment	2-5
Libraries	20-30	Emergency equipment	10
		Computer equipment	3
Parks and gardens	20-30		
Other assets	15-20		
<u>Finance lease assets</u>			
Office equipment	3		
Other assets	5		

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.16.4. De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential

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expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.16.5. Land and Buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2007.

1.17. INTANGIBLE ASSETS

1.17.1. Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project;
- it is probable that the municipality will receive future economic benefits or service potential; and
- the Municipality can measure reliably the expenditure attributable to the intangible asset during its development.

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Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

1.17.2. Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.17.3. Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	7
Computer Software Licenses	7

1.17.4. De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.17.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the

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depreciation cost method was used to establish the deemed cost as on 1 July 2007.

1.18. INVESTMENT PROPERTY

1.18.1. Initial Recognition

Investment property shall be recognised as an asset when and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use is also classified as investment property.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

1.18.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.18.3. Depreciation and Impairment – Cost Model

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

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<u>Investment Property</u>	<u>Years</u>
Buildings	50

1.18.4. De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.18.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007.

1.19. HERITAGE ASSETS

1.19.1. Initial Recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

A heritage asset that qualifies for recognition as an asset is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

1.19.2. Subsequent Measurement – Cost Model

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

1.19.3. Depreciation and Impairment

Heritage assets are not depreciated

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

NAMAKWA DISTRICT MUNICIPALITY
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An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.19.4. De-recognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

1.19.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2011.

1.20. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.20.1. Cash generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated;
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

(b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite;
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1.20.2. Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

(b) Internal sources of information

- Evidence is available of physical damage of an asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date;
- A decision to halt the construction of the asset before it is complete or in a usable condition;
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1.21. NON CURRENT INVESTMENTS

Financial instruments, which include, investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.22. INVENTORIES

1.22.1. *Initial Recognition*

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.22.2. *Subsequent Measurement*

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

1.23. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions). The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

1.23.1. Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.23.2. Subsequent Measurement

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.23.2.1. Receivables

Receivables are classified as financial assets at amortised cost, and are subsequently measured amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

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If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.23.2.2. *Payables and Annuity Loans*

Financial liabilities consist of trade and other payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.23.2.3. *Cash and Cash Equivalents*

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

1.23.3. *De-recognition*

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1.23.3.1. *Financial Assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.23.3.2. *Financial Liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

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1.23.4. *Offsetting of Financial Instruments*

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.24. REVENUE

1.24.1. *Revenue from Non-Exchange Transactions*

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition the full amount of revenue is recognised. It is a subsequent event if the Municipality does not enforce its obligation to collect the revenue. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the

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Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue shall be measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

1.24.2. Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality;
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

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Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue shall be measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

NAMAKWA DISTRICT MUNICIPALITY
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1.25. TRANSFER OF FUNCTIONS (Municipality as acquirer)

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving a Municipality's objectives, either by providing economic benefits or service potential.

A transfer of functions is the reorganisation and/or the re-allocation of functions between Municipalities by transferring functions between Municipalities or into another entity.

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality accounts for each transfer of functions between entities not under common control by applying the acquisition method. Applying the acquisition method requires:

- (a) identifying the acquirer (Municipality);
- (b) determining the acquisition date;
- (c) recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
- (d) recognising the difference between (c) and the consideration transferred to the seller.

As of the acquisition date, the Municipality recognises the identifiable assets acquired and the liabilities assumed. The identifiable assets acquired and liabilities assumed meets the definitions of assets and liabilities in the *Framework for the Preparation and Presentation of Financial Statements* and the recognition criteria in the applicable Standards of GRAP at the acquisition date. In addition, the identifiable assets acquired and liabilities assumed are part of what the Municipality and the acquiree (or its former owners) agreed in the binding arrangement.

The Municipality measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

The Municipality subsequently measures and account for assets acquired and liabilities assumed in accordance with other applicable Standards of GRAP.

1.26. RELATED PARTIES

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – "Related Party Disclosures".

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A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Municipality:

- (a) A person or a close member of that person's family is related to the Municipality if that person:
- has control or joint control over the Municipality.
 - has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
 - is a member of the management of the Municipality or its controlling entity.
- (b) An entity is related to the Municipality if any of the following conditions apply:
- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
 - both entities are joint ventures of the same third party.
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
 - the entity is controlled or jointly controlled by a person identified in (a).
 - a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

**NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

- (a) all members of the governing body of the Municipality;
- (b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
- (c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
- (d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

- (a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee;
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

1.27. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1.28. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.29. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.30. CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

1.31. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

Post-retirement medical obligations and Long service awards

The cost of post-retirement medical obligations and long service are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

disclosed in note 12 of the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of Receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of Property, Plant and Equipment:

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- Cost of items with a similar nature currently in the Municipality's asset register;
- Cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- Cost as supplied by suppliers.

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

Revenue Recognition

Accounting Policy 1.24.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.24.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed

1.32. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.33. CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.34. EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1.35. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	Note	2014 R	2013 R
1 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents consist of the following:			
Cash on hand		805	805
Cash at bank		4 615 020	3 133 191
Call deposits		44 885 831	56 120 675
		49 501 657	59 254 671
Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.			
Call Investments Deposits to an amount of R11 281 323 are held to fund the Unspent Conditional Grants (2013: R5 787 286).			
The Municipality has the following bank accounts: -			
Current Account (Primary Bank Account)			
ABSA Bank Limited - Account Number 2210000014 (Primary Bank Account):		4 615 020	3 132 791
Cash book balance at beginning of year		3 133 191	4 266 519
Correction of error - Note 27.5		-	400
Cash book balance at end of year		4 615 020	3 133 191
Bank statement balance at beginning of year		3 139 943	4 272 316
Bank statement balance at end of year		4 650 011	3 139 943
Call Investment Deposits			
ABSA Bank Limited - Account Number 2218151720 (Capital Replacement Reserve):		1 112 202	125 429
BOE Bank - Account Number NAMA001/83 (Call Deposit):		28 244 523	39 301 957
ABSA Bank Limited - Account Number 90 6918 2890 (Call Deposit):		648 963	648 963
ABSA Bank Limited - Account Number 20 6629 1015 (Call Deposit):		900 706	477 034
ABSA Bank Limited - Account Number 20 7051 8265 (Call Deposit):		-	310 426
ABSA Bank Limited - Account Number 90 7473 1242 (Leave Reserve):		1 026 355	1 104 653
ABSA Bank Limited - Account Number 91 1091 2063 (Finance Management Grant):		50 229	74 944
Nuweveld Co-op (Members Interest Fund):		1 804	1 804
ABSA Bank Limited - Account Number 22 1815 8326 (Contingency Fund):		402 530	791 594
ABSA Bank Limited - Account Number 91 0726 5605 (Municipal System Improvement Grant):		2 454	3 115
ABSA Bank Limited - Account Number 91 9251 2118 (Swartzkop Sportgrounds):		207 475	207 475
ABSA Bank Limited - Account Number 91 9251 2477 (Spoegrivier Sportgrounds):		5 290	5 290
ABSA Bank Limited - Account Number 91 0726 6025 (Richtersveld Special Fund):		3 013	3 013
ABSA Bank Limited - Account Number 91 4340 6867 (EPWP):		81 134	416 523
ABSA Bank Limited - Account Number 91 0726 7005 (IDP):		458 222	342 065
ABSA Bank Limited - Account Number 91 0726 7128 (Fencing):		-	42 555
ABSA Bank Limited - Account Number 91 0726 7209 (Kamiesberg Special Fund):		2 297	2 297
ABSA Bank Limited - Account Number 91 0726 7306 (Border Fencing):		54 239	54 239
ABSA Bank Limited - Account Number 90 7473 1365 (Maintenance Fund):		-	22 233
ABSA Bank Limited - Account Number 91 0726 7770 (Sakrivier Bridge):		8 187	8 187
ABSA Bank Limited - Account Number 91 0809 6615 (Namakwa Sanitation Bucket System):		213 395	213 395
ABSA Bank Limited - Account Number 91 8438 7915 (Fire Equipment Grant):		896 659	913 410
ABSA Bank Limited - Account Number 91 0809 6924 (PIMMS):		2 255	2 255
ABSA Bank Limited - Account Number 91 0991 1123 (Department of Transport):		2 631 487	2 631 487
ABSA Bank Limited - Account Number 91 1641 4273 (Drought Relief):		-	73 874
ABSA Bank Limited - Account Number 91 1931 2230 (Electronic Filling System):		15 227	15 227
ABSA Bank Limited - Account Number 91 2120 8647 (Training Fund SETA):		2 000	81 276
ABSA Bank Limited - Account Number 91 2287 0758 (MIG):		5 546	5 546
ABSA Bank Limited - Account Number 91 2356 3504 (Work for Water):		258 160	6 023 669
ABSA Bank Limited - Account Number 92 7425 5686 (Dept. Agriculture, Forestry and Fisheries):		1 009 266	1 525 628
ABSA Bank Limited - Account Number 92 7425 5709 (Civil Defence Grant):		217 000	691 112
ABSA Bank Limited - Account Number 92 7425 5074 (Khotso Pula Nala):		6 425 215	-
Sub-total for Call Investment Deposits		44 885 831	56 120 675

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	Note	2014 R	2013 R
<i>Total Call Investment Deposits are as follows:</i>			
Cash book balance at beginning of year		56 120 675	57 729 052
Cash book balance at end of year		44 885 831	56 120 675
Bank statement balance at beginning of year		56 137 453	57 729 052
Bank statement balance at end of year		44 885 831	56 137 453
<i>Details of Call Investment Deposits are as follows:</i>			
ABSA Bank Limited - Account Number 2218151720 (Capital Replacement Reserve):			
Cash book balance at beginning of year		125 429	959 150
Cash book balance at end of year		1 112 202	125 429
Bank statement balance at beginning of year		125 429	959 329
Bank statement balance at end of year		1 112 202	125 429
BOE Bank - Account Number NAMA001/83 (Call Deposit):			
Cash book balance at beginning of year		39 301 957	37 229 986
Cash book balance at end of year		28 244 523	39 301 957
Bank statement balance at beginning of year		39 301 957	37 229 986
Bank statement balance at end of year		28 244 523	39 301 957
ABSA Bank Limited - Account Number 90 6918 2890 (Call Deposit):			
Cash book balance at beginning of year		648 963	648 963
Cash book balance at end of year		648 963	648 963
Bank statement balance at beginning of year		648 963	650 619
Bank statement balance at end of year		648 963	648 963
ABSA Bank Limited - Account Number 20 6629 1015 (Call Deposit):			
Cash book balance at beginning of year		477 034	6 164 552
Cash book balance at end of year		900 706	477 034
Bank statement balance at beginning of year		477 034	6 164 552
Bank statement balance at end of year		900 706	477 034
ABSA Bank Limited - Account Number 20 7051 8265 (Call Deposit):			
Cash book balance at beginning of year		310 426	296 367
Cash book balance at end of year		-	310 426
Bank statement balance at beginning of year		310 426	296 367
Bank statement balance at end of year		-	310 426

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

Note	2014 R	2013 R
ABSA Bank Limited - Account Number 90 7473 1242 (Leave Reserve):		
Cash book balance at beginning of year	1 104 653	819 796
Cash book balance at end of year	1 026 355	1 104 653
Bank statement balance at beginning of year	1 107 498	821 930
Bank statement balance at end of year	1 026 355	1 107 498
ABSA Bank Limited - Account Number 91 1091 2063 (Finance Management Grant):		
Cash book balance at beginning of year	74 944	151 377
Cash book balance at end of year	50 229	74 944
Bank statement balance at beginning of year	75 458	152 081
Bank statement balance at end of year	50 229	75 458
Nuweveld Co-op (Members Interest Fund):		
Cash book balance at beginning of year	1 804	1 804
Cash book balance at end of year	1 804	1 804
Bank statement balance at beginning of year	1 804	1 804
Bank statement balance at end of year	1 804	1 804
ABSA Bank Limited - Account Number 22 1815 8326 (Contingency Fund):		
Cash book balance at beginning of year	791 594	791 594
Cash book balance at end of year	402 530	791 594
Bank statement balance at beginning of year	791 594	791 829
Bank statement balance at end of year	402 530	791 594
ABSA Bank Limited - Account Number 91 0726 5605 (Municipal System Improvement Grant):		
Cash book balance at beginning of year	3 115	48 076
Cash book balance at end of year	2 454	3 115
Bank statement balance at beginning of year	3 115	45 385
Bank statement balance at end of year	2 454	3 115
ABSA Bank Limited - Account Number 91 9251 2118 (Swartzkop Sportgrounds):		
Cash book balance at beginning of year	207 475	207 475
Cash book balance at end of year	207 475	207 475
Bank statement balance at beginning of year	207 475	208 005
Bank statement balance at end of year	207 475	207 475
ABSA Bank Limited - Account Number 91 9251 2477 (Spoegrivier Sportgrounds):		
Cash book balance at beginning of year	5 290	5 290
Cash book balance at end of year	5 290	5 290
Bank statement balance at beginning of year	5 290	5 303
Bank statement balance at end of year	5 290	5 290

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

Note	2014 R	2013 R
<i>ABSA Bank Limited - Account Number 91 0726 6025 (Richtersveld Special Fund):</i>		
Cash book balance at beginning of year	3 013	3 064
Cash book balance at end of year	3 013	3 013
Bank statement balance at beginning of year	3 013	3 021
Bank statement balance at end of year	3 013	3 013
<i>ABSA Bank Limited - Account Number 91 4340 6867 (EPWP):</i>		
Cash book balance at beginning of year	416 523	553 197
Cash book balance at end of year	81 134	416 523
Bank statement balance at beginning of year	416 523	554 612
Bank statement balance at end of year	81 134	416 523
<i>ABSA Bank Limited - Account Number 91 0726 7005 (IDP):</i>		
Cash book balance at beginning of year	342 065	382 368
Cash book balance at end of year	458 222	342 065
Bank statement balance at beginning of year	342 065	383 345
Bank statement balance at end of year	458 222	342 065
<i>ABSA Bank Limited - Account Number 91 0726 7128 (Fencing):</i>		
Cash book balance at beginning of year	42 555	42 555
Cash book balance at end of year	-	42 555
Bank statement balance at beginning of year	42 555	42 664
Bank statement balance at end of year	-	42 555
<i>ABSA Bank Limited - Account Number 91 0726 7209 (Kamiesberg Special Fund):</i>		
Cash book balance at beginning of year	2 297	2 297
Cash book balance at end of year	2 297	2 297
Bank statement balance at beginning of year	2 297	2 303
Bank statement balance at end of year	2 297	2 297
<i>ABSA Bank Limited - Account Number 91 0726 7306 (Border Fencing):</i>		
Cash book balance at beginning of year	54 239	54 239
Cash book balance at end of year	54 239	54 239
Bank statement balance at beginning of year	54 239	54 378
Bank statement balance at end of year	54 239	54 239
<i>ABSA Bank Limited - Account Number 91 0726 7372 (SA Projects):</i>		
Cash book balance at beginning of year	-	205 909
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	206 435
Bank statement balance at end of year	-	-

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	Note	2014 R	2013 R
ABSA Bank Limited - Account Number 90 7473 1365 (Maintenance Fund):			
Cash book balance at beginning of year		22 233	22 233
Cash book balance at end of year		-	22 233
Bank statement balance at beginning of year		22 290	22 290
Bank statement balance at end of year		-	22 290
ABSA Bank Limited - Account Number 91 0726 7770 (Sakrivier Bridge):			
Cash book balance at beginning of year		8 187	8 187
Cash book balance at end of year		8 187	8 187
Bank statement balance at beginning of year		8 187	8 208
Bank statement balance at end of year		8 187	8 187
ABSA Bank Limited - Account Number 91 0726 5485 (Komaggas Tar Road):			
Cash book balance at beginning of year		-	4 371
Cash book balance at end of year		-	-
Bank statement balance at beginning of year		-	4 382
Bank statement balance at end of year		-	-
ABSA Bank Limited - Account Number 91 0809 6615 (Namakwa Sanitation Bucket System):			
Cash book balance at beginning of year		213 395	213 395
Cash book balance at end of year		213 395	213 395
Bank statement balance at beginning of year		213 395	213 940
Bank statement balance at end of year		213 395	213 395
ABSA Bank Limited - Account Number 91 8438 7915 (Fire Equipment Grant):			
Cash book balance at beginning of year		913 410	542 094
Cash book balance at end of year		896 659	913 410
Bank statement balance at beginning of year		913 410	543 514
Bank statement balance at end of year		896 659	913 410
ABSA Bank Limited - Account Number 91 0809 6924 (PIMMS):			
Cash book balance at beginning of year		2 255	745 764
Cash book balance at end of year		2 255	2 255
Bank statement balance at beginning of year		2 255	669 068
Bank statement balance at end of year		2 255	2 255
ABSA Bank Limited - Account Number 91 0991 1123 (Dept of Transport - NDM Funds):			
Cash book balance at beginning of year		2 631 487	2 598 571
Cash book balance at end of year		2 631 487	2 631 487
Bank statement balance at beginning of year		2 631 487	2 604 986
Bank statement balance at end of year		2 631 487	2 631 487

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	Note	2014 R	2013 R
<i>ABSA Bank Limited - Account Number 91 1641 4273 (Drought Relief):</i>			
Cash book balance at beginning of year		73 874	73 874
Cash book balance at end of year		-	73 874
Bank statement balance at beginning of year		73 874	74 063
Bank statement balance at end of year		-	73 874
<i>ABSA Bank Limited - Account Number 91 1931 2230 (Electronic Filing System):</i>			
Cash book balance at beginning of year		15 227	15 227
Cash book balance at end of year		15 227	15 227
Bank statement balance at beginning of year		15 227	15 266
Bank statement balance at end of year		15 227	15 227
<i>ABSA Bank Limited - Account Number 91 2120 8647 (Training Fund SETA):</i>			
Cash book balance at beginning of year		81 276	62 320
Cash book balance at end of year		2 000	81 276
Bank statement balance at beginning of year		81 276	145 345
Bank statement balance at end of year		2 000	81 276
<i>ABSA Bank Limited - Account Number 91 2287 0758 (MIG):</i>			
Cash book balance at beginning of year		5 546	5 546
Cash book balance at end of year		5 546	5 546
Bank statement balance at beginning of year		5 546	8 755
Bank statement balance at end of year		5 546	5 546
<i>ABSA Bank Limited - Account Number 91 2356 3504 (Work for Water):</i>			
Cash book balance at beginning of year		6 023 669	3 895 695
Cash book balance at end of year		258 160	6 023 669
Bank statement balance at beginning of year		6 037 032	3 905 250
Bank statement balance at end of year		258 160	6 037 032
<i>ABSA Bank Limited - Account Number 92 7425 5686 (Dept. Agriculture, Forestry and Fisheries):</i>			
Cash book balance at beginning of year		1 525 628	450 709
Cash book balance at end of year		1 009 266	1 525 628
Bank statement balance at beginning of year		1 525 628	450 709
Bank statement balance at end of year		1 009 266	1 525 628
<i>ABSA Bank Limited - Account Number 92 7425 5709 (Civil Defence Grant):</i>			
Cash book balance at beginning of year		691 112	523 008
Cash book balance at end of year		217 000	691 112
Bank statement balance at beginning of year		691 112	523 008
Bank statement balance at end of year		217 000	691 112

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	Note	2014 R	2013 R
ABSA Bank Limited - Account Number 92 9011 5074 (Khotso Pula Nala):			
Cash book balance at beginning of year		-	-
Cash book balance at end of year		6 425 215	-
Bank statement balance at beginning of year		-	-
Bank statement balance at end of year		6 425 215	-
Cash on hand		805	805
Total cash and cash equivalents		49 501 657	59 254 671

2 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Taxes - Rates	204 874	190 165
Correction of error - Note 27.4	-	(150 419)
South African Revenue Services	727 740	727 740
Department of Roads and Public Works	3 298 375	3 029 496
Other Receivables	807 814	1 444 295
	5 038 804	5 241 278
Less: Provision for bad debts	(4 067 850)	(3 718 022)
Total Receivables from non-exchange transactions	970 954	1 523 256

The Municipality is currently in dispute with SARS over an amount of R 727 739.74 as disclosed in Note 2. This amount was deducted by SARS for outstanding EMP 201 returns from 2002. The municipality is of the opinion that they will recover the full amount from SARS once supporting documentation is submitted to SARS.

The fair value of other receivables approximate their carrying value.

(Rates): Ageing

Current (0 - 30 days)	1 247	1 247
31 - 60 Days	1 247	1 247
61 - 90 Days	1 247	1 247
+ 90 Days	201 135	186 426
	204 874	190 165

Summary of Debtors (Rates) by Customer Classification	Residential	Industrial/ Commercial	National and Provincial Government
30 June 2014			
Current (0 - 30 days)	-	1 247	-
31 - 60 Days	-	1 247	-
61 - 90 Days	-	1 247	-
+ 90 Days	-	201 135	-
Sub-total	-	204 874	-
Less: Provision for bad debts	-	(204 874)	-
Total debtors by customer classification	-	-	-

Summary of Debtors (Rates) by Customer Classification	Residential	Industrial/ Commercial	National and Provincial Government
30 June 2013			
Current (0 - 30 days)	-	1 247	-
31 - 60 Days	-	1 247	-
61 - 90 Days	-	1 247	-
+ 90 Days	-	186 426	-
Sub-total	-	190 165	-
Less: Provision for bad debts	-	(190 165)	-
Total debtors by customer classification	-	-	-

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

Note	2014 R	2013 R
Reconciliation of Provision for Bad Debts		
Balance at beginning of year	3 718 022	2 267 430
Contribution to provision	349 828	1 450 593
Bad Debts written off against provision	-	-
	<u>4 067 850</u>	<u>3 718 022</u>

The total amount of this provision consists of:

Taxes	204 874	190 165
Department of Roads and Public Works	3 298 375	3 029 496
Other receivables	564 600	498 360
Total Provision for Bad Debts on Trade Receivables from non-exchange transactions	<u>4 067 850</u>	<u>3 718 022</u>

Ageing of amounts past due but not impaired:

1 month past due	5 737	43 686
2+ months past due	940 777	350 705
	<u>946 514</u>	<u>394 392</u>

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

3 INVESTMENTS

Financial Instruments

Unlisted Stock: Nuweveld Co-op held for trading

1 146	1 146
<u>1 146</u>	<u>1 146</u>

Investments are made in terms of the municipality's Cash Management and Investment Policy, as required by means of Regulation R 308 of 1 April 2005 gazetted in the Government Gazette No 27431 of 1 April 2005 and issued by the Minister of Finance.

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

4 PROPERTY, PLANT AND EQUIPMENT

4.1	30 JUNE 2014	Cost				Accumulated Depreciation					Carrying Value
		Opening Balance	Additions	Disposals	Change in Accounting Policy/Correction of Error	Opening Balance	Change in Accounting Policy/Correction of Error	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	
		R	R	R	R	R	R	R	R	R	R
	Land	2 060 623	-	(9 653)	-	2 050 970	-	-	-	-	2 050 970
	Land	2 060 623	-	(9 653)	-	2 050 970	-	-	-	-	2 050 970
	Buildings	7 874 757	-	(238 440)	-	7 636 317	(5 848 138)	(202 574)	184 422	-	(5 866 290)
	Infrastructure	-	-	-	-	-	-	-	-	-	-
	Drains	-	-	-	-	-	-	-	-	-	-
	Roads and Streets	-	-	-	-	-	-	-	-	-	-
	Beach Improvements	-	-	-	-	-	-	-	-	-	-
	Sewerage Mains and Purification	-	-	-	-	-	-	-	-	-	-
	Electricity mains	4 839	-	-	-	4 839	(1 016)	(968)	-	-	(1 984)
	Electricity Peak Load equipment	-	-	-	-	-	-	-	-	-	2 855
	Water Mains & Purification	-	-	-	-	-	-	-	-	-	-
	Water Reservoirs	-	-	-	-	-	-	-	-	-	-
	Water Meters	-	-	-	-	-	-	-	-	-	-
	Paving	-	1 051 284	-	-	1 051 284	-	-	-	-	1 051 284
	Security Measures	216 738	619 536	-	-	836 274	(77 783)	(34 366)	-	-	(112 149)
		221 577	1 670 819	-	-	1 892 396	(78 799)	(35 333)	-	-	(114 133)
	Community Assets	-	-	-	-	-	-	-	-	-	1 778 263
	Parks & Gardens	-	-	-	-	-	-	-	-	-	-
	Libraries	-	-	-	-	-	-	-	-	-	-
	Recreation Grounds	-	-	-	-	-	-	-	-	-	-
	Civic Buildings	159 133	-	-	-	159 133	(120 941)	(3 183)	-	-	(124 124)
	Stadiums	-	-	-	-	-	-	-	-	-	35 009
	Halls	-	-	-	-	-	-	-	-	-	-
	Theatre	-	-	-	-	-	-	-	-	-	-
	Swimming Pools	-	-	-	-	-	-	-	-	-	-
	Cometeries	-	-	-	-	-	-	-	-	-	-
		159 133	-	-	-	159 133	(120 941)	(3 183)	-	-	(124 124)
	Heritage Assets	-	-	-	-	-	-	-	-	-	35 009
	Historical Buildings	-	-	-	-	-	-	-	-	-	-
	Paintings & Artifacts	-	-	-	-	-	-	-	-	-	-
		10 316 091	1 670 819	(246 093)	-	11 740 817	(6 047 879)	(241 090)	184 422	-	(6 104 547)
	Total carried forward										5 636 270

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

for the year ended 30 June 2014												
	Cost				Accumulated Depreciation							
	Opening Balance R	Additions R	Disposals R	Change in Accounting Policy/ Correction of Error R	Closing Balance R	Opening Balance R	Change in Accounting Policy/ Correction of Error R	Depreciation R	Disposals R	Impairment loss/Reversal of impairment loss R	Closing Balance R	Carrying Value R
Total brought forward	10 316 091	1 670 819	(246 093)	-	11 740 817	(6 047 879)	-	(241 090)	184 422	-	(6 104 547)	5 636 270
Other Assets												
Office Equipment	3 181 851	394 409	(124 209)	-	3 452 051	(2 111 380)	-	(394 202)	119 069	(936)	(2 387 449)	1 064 602
Furniture & Fittings	1 522 411	88 472	(20 395)	-	1 590 488	(857 286)	-	(193 148)	20 392	(266)	(1 030 310)	560 178
Bins and Containers	22 662	-	-	-	22 662	(12 122)	-	(2 605)	-	-	(14 727)	7 936
Plant and Equipment	888 725	215 095	(219)	-	1 103 601	(305 057)	-	(67 191)	216	-	(372 032)	731 569
Motor vehicles	2 634 448	1 336 274	(580 070)	-	3 390 653	(1 763 762)	-	(466 065)	473 724	-	(1 756 104)	1 634 549
Fire Equipment	697 401	277 852	-	-	975 253	(43 859)	-	(134 908)	-	-	(178 767)	796 485
Refuse tankers	-	-	-	-	-	-	-	-	-	-	-	-
Security Measures	-	-	-	-	-	-	-	-	-	-	-	-
Water crafts	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	0	-	0	-	-	-	-	-	-	0
	8 947 499	2 312 102	(724 892)	-	10 534 709	(5 093 467)	-	(1 258 120)	613 400	(1 202)	(5 739 388)	4 795 320
Finance Lease Assets												
Office Equipment	388 261	71 990	(23 040)	-	437 211	(180 834)	-	(85 035)	16 756	-	(249 113)	188 098
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-
	388 261	71 990	(23 040)	-	437 211	(180 834)	-	(85 035)	16 756	-	(249 113)	188 098
Total	19 651 850	4 054 911	(994 025)	-	22 712 736	(11 322 181)	-	(1 584 245)	814 579	(1 202)	(12 093 049)	10 619 688

Namakwa District Municipality

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

4.2	30 June 2013	as at the year ended 30 June 2014										
		Cost			Accumulated Depreciation							
	Opening Balance R	Additions R	Disposals R	Change in Accounting Policy/Correction of Error R	Closing Balance R	Opening Balance R	Change in Accounting Policy/Correction of Error R	Depreciation R	Disposals R	Impairment loss/Reversal of impairment loss R	Closing Balance R	Carrying Value R
Land	1 822 842	-	(3 402)	241 183	2 060 623	-	-	-	-	-	-	2 060 623
Land	1 822 842	-	(3 402)	241 183	2 060 623	-	-	-	-	-	-	2 060 623
Buildings	7 874 757	-	-	-	7 874 757	(5 389 235)	(251 600)	(207 303)	-	-	(5 848 138)	2 026 619
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-
Drains	-	-	-	-	-	-	-	-	-	-	-	-
Roads and Streets	-	-	-	-	-	-	-	-	-	-	-	-
Beach Improvements	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage Mains and Purification	-	-	-	-	-	-	-	-	-	-	-	-
Electricity mains	4 839	-	-	-	4 839	(49)	-	(968)	-	-	(1 016)	3 823
Electricity Peak Load equipment	-	-	-	-	-	-	-	-	-	-	-	-
Water Mains & Purification	-	-	-	-	-	-	-	-	-	-	-	-
Water Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-
Water Meters	-	-	-	-	-	-	-	-	-	-	-	-
Water Mains	-	-	-	-	-	-	-	-	-	-	-	-
Security Measures	132 561	84 177	-	-	216 738	(58 049)	-	(19 734)	-	-	(77 783)	138 955
Community Assets	137 400	84 177	-	-	221 577	(58 097)	-	(20 702)	-	-	(78 799)	142 778
Parks & Gardens	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-	-	-
Recreation Grounds	-	-	-	-	-	-	-	-	-	-	-	-
Civic Buildings	159 133	-	-	-	159 133	(117 758)	-	(3 183)	-	-	(120 941)	38 192
Stadiums	-	-	-	-	-	-	-	-	-	-	-	-
Halls	-	-	-	-	-	-	-	-	-	-	-	-
Theatre	-	-	-	-	-	-	-	-	-	-	-	-
Swimming Pools	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-
Heritage Assets	159 133	-	-	-	159 133	(117 758)	-	(3 183)	-	-	(120 941)	38 192
Historical Buildings	-	-	-	-	-	-	-	-	-	-	-	-
Paintings & Artifacts	-	-	-	-	-	-	-	-	-	-	-	-
Total carried forward	9 994 132	84 177	(3 402)	241 183	10 316 091	(5 565 091)	(251 600)	(231 188)	-	-	(6 047 879)	4 268 212

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

for the year ended 30 June 2014											
	Cost				Accumulated Depreciation						
	Opening Balance	Additions	Disposals	Change in Accounting Policy/Correction of Error	Closing Balance	Opening Balance	Change in Accounting Policy/Correction of Error	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance
	R	R	R	R	R	R	R	R	R	R	R
Total brought forward	9 994 132	84 177	(3 402)	241 183	10 316 091	(5 565 091)	(251 600)	(231 188)	-	-	(6 047 879)
Other Assets											
Office Equipment	3 441 795	175 083	(435 026)	-	3 181 851	(1 964 460)	-	(544 297)	397 736	(357)	(2 111 380)
Furniture & Fittings	1 463 078	143 259	(83 926)	-	1 522 411	(704 966)	-	(189 911)	39 402	(1 812)	(857 288)
Bins and Containers	18 803	4 458	(599)	-	22 662	(10 201)	-	(2 519)	598	-	(12 122)
Plant and Equipment	401 861	233 739	(35 296)	288 422	888 725	(260 381)	-	(65 474)	20 799	-	(305 057)
Motor vehicles	2 350 749	283 700	-	-	2 634 448	(1 307 350)	-	(456 413)	-	-	(1 763 762)
Fire Equipment	90 457	611 053	(4 109)	-	697 401	(32 395)	-	(13 702)	2 237	-	(43 859)
Refuse tankers	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-	-	-
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-	-
Finance Lease Assets											
Office Equipment	7 766 743	1 451 291	(558 957)	288 422	8 947 499	(4 279 753)	-	(1 272 316)	460 771	(2 169)	(5 093 467)
Other Assets	249 939	138 322	-	-	388 261	(115 428)	-	(65 407)	-	-	(180 834)
	-	-	-	-	-	-	-	-	-	-	-
	249 939	138 322	-	-	388 261	(115 428)	-	(65 407)	-	-	(180 834)
Total	18 010 814	1 673 790	(562 359)	529 605	19 651 850	(9 960 272)	(251 600)	(1 588 910)	460 771	(2 169)	(11 322 181)
											8 329 669

4.3 Assets pledged as security

Leased Property, Plant and Equipment of R 188 098 is secured for leases as set out in Note 13.

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

Note

5 INTANGIBLE ASSETS

5.1 Reconciliation of carrying value

	Intangible Assets R	Total R
as at 1 July 2013	1 223 466	1 223 466
Cost	2 768 530	2 768 530
Accumulated amortisation and impairment losses	(1 545 064)	(1 545 064)
Acquisitions	95 758	95 758
Amortisation	(275 574)	(275 574)
as at 30 June 2014	1 043 650	1 043 650
Cost	2 864 288	2 864 288
Accumulated amortisation and impairment losses	(1 820 638)	(1 820 638)

5.1 Reconciliation of carrying value

	Intangible Assets R	Total R
as at 1 July 2012	1 475 917	1 475 917
Cost	2 748 943	2 748 943
Accumulated amortisation and impairment losses	(1 273 026)	(1 273 026)
Acquisitions	19 587	19 587
Amortisation	(272 038)	(272 038)
Carrying value of disposals	-	-
Cost	-	-
Accumulated amortisation	-	-
as at 30 June 2013	1 223 466	1 223 466
Cost	2 768 530	2 768 530
Accumulated amortisation and impairment losses	(1 545 064)	(1 545 064)

No Intangible asset were asessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities.

There are no contractual commitments for the acquisition of intangible assets.

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

Note

6 INVESTMENT PROPERTY CARRIED AT COST

6.1 Reconciliation of carrying value

	Investment property R	Other R	Total R
as at 1 July 2013	217 124	-	217 124
Cost	904 678	-	904 678
Accumulated depreciation and impairment losses	(687 554)	-	(687 554)
Acquisitions	-	-	-
Depreciation	(18 094)	-	(18 094)
as at 30 June 2014	199 030	-	199 030
Cost	904 678	-	904 678
Accumulated depreciation and impairment losses	(705 648)	-	(705 648)

6.1 Reconciliation of carrying value

	Investment property R	Other R	Total R
as at 1 July 2012	365 215	-	365 215
Cost	1 404 678	-	1 404 678
Accumulated depreciation and impairment losses	(1 039 463)	-	(1 039 463)
Correction of error - Cost (Note 27.2)	8 817	-	8 817
Acquisitions	-	-	-
Depreciation	(23 758)	-	(23 758)
Carrying value of disposals	(133 150)	-	(133 150)
Cost	(508 817)	-	(508 817)
Accumulated depreciation	375 667	-	375 667
as at 30 June 2013	217 124	-	217 124
Cost	895 861	-	895 861
Correction of error - Cost (Note 27.2)	8 817	-	8 817
Correction of error- Accumulated depreciation and impairment losses (Note 27.2)	-	-	-
Accumulated depreciation and impairment losses	(687 554)	-	(687 554)

	2014 R	2013 R
6.2 Fair value of investment property carried at cost:	904 678	904 678
6.3 There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.		
6.4 There are no contractual obligation to purchase, construct or develop investment property or for repairs, maintenance or enhancements.		

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

Note	2014 R	2013 R
7 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade creditors	65 178	732 805
Payments received in advance	58 305	28 755
Department of Environmental affairs - Work for Water	258 160	6 023 669
Department of Agriculture, Forestry and Fisheries	1 009 266	1 525 628
Contributions: Project Management Unit	-	345 212
Other creditors	4 365 324	2 680 798
Total creditors	5 756 233	11 336 867

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The fair value of trade and other payables approximates their carrying amounts. All payables are unsecured.

8 VAT RECEIVABLE

VAT receivable	412 636	76 403
Correction of Error - Note 27.3	-	(43 801)
Total VAT Receivable	412 636	32 602

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

9 CURRENT EMPLOYEE BENEFITS

Provision for bonus	664 910	539 703
Current Portion of Post Retirement Benefits (see note 12)	1 381 272	1 323 252
Provision for leave	1 131 916	1 081 557
Current portion of Long-Service provision (see note 12)	70 613	96 333
Total Provisions	3 248 711	3 040 845

The movement in current provisions are reconciled as follows: -

	Provision for Bonus	Provision for Leave
as at 1 July 2013		
Contributions to provision	539 703	1 081 557
Expenditure Incurred	1 209 438	105 561
as at 30 June 2014	(1 084 230)	(55 202)
	664 910	1 131 916
as at 1 July 2012		
Contributions to provision	419 853	1 192 347
Expenditure Incurred	968 377	(23 096)
as at 30 June 2013	(848 527)	(67 695)
	539 703	1 081 557

9.1 Staff Bonuses

Bonuses are being paid to all municipal staff. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

9.2 Staff Leave

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

10 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

10.1 Unspent Conditional Grants from other spheres of Government

National Government Grants
Provincial Government Grants
Other Sources

60 483	85 860
8 768 928	3 145 419
220 075	299 351

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

Note	2014 R	2013 R
Total Unspent Conditional Grants and Receipts	9 049 487	3 530 631
Non-current unspent conditional grants and receipts	-	-
Current portion of unspent conditional grants and receipts	9 049 487	3 530 631

See Note 16 and appendix "F" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

11 FINANCE LEASE LIABILITY

2014	Minimum lease payment R	Future finance charges R	Present value of minimum lease payments R
Amounts payable under finance leases			
Within one year	100 448	(28 386)	72 062
Within two to five years	177 020	(39 613)	137 407
	<u>277 468</u>	<u>(68 000)</u>	<u>209 469</u>
Less: Amount due for settlement within 12 months (current portion)			(72 062)
			<u>137 407</u>
2013	Minimum lease payment R	Future finance charges R	Present value of minimum lease payments R
Amounts payable under finance leases			
Within one year	117 446	(31 816)	85 631
Within two to five years	182 529	(36 452)	146 078
	<u>299 976</u>	<u>(68 268)</u>	<u>231 708</u>
Less: Amount due for settlement within 12 months (current portion)			(85 631)
			<u>146 078</u>

The capitalised lease liability consist out of the following contracts:

Supplier	Effective Interest rate	Annual Escalation
Nashua - Copiers	17.02%	0%
MTN - Tablets	14.47%	0%
Supplier	Lease Term	Maturity Date
Nashua - Copiers	5 Years	31/03/2019
MTN - Tablets	2 Years	31/12/2014

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

Finance Leases are secured by property, plant and equipment - Note 4

12 NON-CURRENT EMPLOYEE BENEFITS

Provision for post retirement health care benefits	17 164 824	17 232 343
Provision for long-service awards	866 181	726 039
Total Non-Current Employee Benefits	18 031 006	17 958 383

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

Note	2014 R	2013 R
The movement in the non-current employee benefits is reconciled as follows: -		
Provision for Post Retirement Health Care Benefits		
Balance at the beginning of year	18 555 595	16 316 198
Contributions to provision	1 714 249	1 336 714
Expenditure incurred	(1 339 043)	(2 385 194)
Increase in provision due to discounting	(384 705)	3 287 877
Transfer to current provisions	(1 381 272)	(1 323 252)
Balance at the end of year	<u>17 164 824</u>	<u>17 232 343</u>

Provision for long-service awards:		
Balance at the beginning of year	822 372	795 708
Contributions to provision	153 581	177 962
Expenditure incurred	(45 755)	(110 478)
Increase in provision due to discounting	6 596	(40 820)
Transfer to current provisions	(70 613)	(96 333)
Balance at the end of year	<u>866 181</u>	<u>726 039</u>

12.1 Provision for Post Retirement Health Care Benefits

The Post Retirement Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:

	2014	2013
In-service (employee) members	76	66
In-service (employee) non-members	6	6
Continuation members (e.g. Retirees, widows, orphans)	42	45
Total Members	<u>124</u>	<u>117</u>

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2012	2011	2010
In-service (employee) members	54	50	71
In-service (employee) non-members	6	18	48
Continuation members (e.g. Retirees, widows, orphans)	43	46	47
Total Members	<u>103</u>	<u>114</u>	<u>166</u>

The liability in respect of past service has been estimated to be as follows:

	2014 R	2013 R
In-service members	2 616 830	2 199 886
Continuation members	15 929 266	16 355 709
Total Liability	<u>18 546 096</u>	<u>18 555 595</u>

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas
Hosmed
LA Health
Key Health, and
SAMWU Medical Aid

The Current-service Cost for the ensuing year is estimated to be R 365 463, whereas the Interest Cost for the next year is estimated to be R1 486 595.

Key actuarial assumptions used:

	%	%
i) Rate of Interest		
Discount rate	8.32	7.83
Health Care Cost Inflation Rate	7.73	7.44
Net Effective Discount Rate	0.54	0.37
ii) Mortality rates		

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iii) Normal retirement age

The normal retirement age for employees of the municipality is 60 years.

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

Note	2014 R	2013 R
	2014 R	2013 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	18 546 096	18 555 595
Fair value of plan assets	-	-
	<u>18 546 096</u>	<u>18 555 595</u>
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present Value of unfunded obligations	-	-
Net liability/(asset)	<u>18 546 096</u>	<u>18 555 595</u>

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25, Employee Benefits.

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	18 555 595	16 316 198
Total expenses	375 206	(1 048 480)
Current service cost	311 713	209 978
Interest Cost	1 402 536	1 126 736
Benefits Paid	(1 339 043)	(2 385 194)
Actuarial (gains)/losses	(384 705)	3 287 877
Present value of fund obligation at the end of the year	<u>18 546 096</u>	<u>18 555 595</u>

Sensitivity Analysis on the Accrued Liability	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)
Assumption			
Central Assumptions	2.640	15.906	18.546

The effect of movements in the assumptions are as follows:

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)
Health care inflation	3.176	17.229	20.405
Health care inflation	2.215	14.738	16.953
Post-retirement mortality	2.747	16.666	19.413
Average retirement age	2.854	15.906	18.760
Continuation of membership at retirement	2.270	15.906	18.176
Assumption		Change	% change
Health care inflation		1%	10%
Health care inflation		-1%	-9%
Post-retirement mortality		-1 year	5%
Average retirement age		-1 year	1%
Withdrawal Rate		-10%	-2%

12.2 Provision for Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 82 employees were eligible for Long Service Bonuses.

The Current-service Cost for the ensuing year is estimated to be R 116 144 whereas the Interest Cost for the next year is estimated to be R 73 019.

Key actuarial assumptions used:

	%	%
i) Rate of interest		
Discount rate	8.09	7.36
General Salary Inflation (long-term)	7.22	6.83
Net Effective Discount Rate applied to salary-related Long Service Bonuses	0.81	0.49

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	Note	2014 R	2013 R
The amounts recognised in the Statement of Financial Position are as follows:			
Present value of fund obligations		936 794	822 372
Fair value of plan assets		-	-
		<u>936 794</u>	<u>822 372</u>
Unrecognised past service cost		-	-
Unrecognised actuarial gains/(losses)		-	-
Present Value of unfunded obligations		-	-
Net liability/(asset)		<u>936 794</u>	<u>822 372</u>

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	822 372	795 708
Total expenses	107 826	67 484
Current service cost	96 719	133 101
Interest Cost	56 862	44 861
Benefits Paid	(45 755)	(110 478)
Actuarial (gains)/losses	6 596	(40 820)
Present value of fund obligation at the end of the year	<u>936 794</u>	<u>822 372</u>

Sensitivity Analysis on the Unfunded Accrued Liability	Change	Liability (Rm)	% change
Assumption			
Central assumptions		0.937	
General salary inflation	1%	1.003	7%
General salary inflation	-1%	0.877	-6%
Average retirement age	-2 yrs	0.802	-14%
Average retirement age	2 yrs	1.046	12%
Withdrawal rates	-50%	1.183	26%

12.3 Retirement funds

The Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

CAPE JOINT PENSION FUND

The contribution rate payable is 9%, by the members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2013 revealed that the fund is in a sound financial position with a funding level of 99,7% (30 June 2012 - 99,4%).

Contributions paid recognised in the Statement of Financial Performance	<u>93 668</u>	<u>105 888</u>
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CAPE JOINT RETIREMENT FUND

The contribution rate paid by the members (9,0%) and Council (18,0%). The last actuarial valuation performed for the year ended 30 June 2013 revealed that the fund is in a sound financial position with a funding level of 105,1% (30 June 2012 - 108,0%).

Contributions paid recognised in the Statement of Financial Performance	<u>2 515 195</u>	<u>1 227 752</u>
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DEFINED CONTRIBUTION FUNDS

Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

	2014 R	2013 R
Contributions paid recognised In the Statement of Financial Performance		
Government Employees Pension Fund	68 643	73 144
SAMWU National Provident Fund	<u>815 328</u>	<u>599 748</u>
	<u>883 970</u>	<u>672 892</u>

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	Note	2014 R	2013 R
13 RENTAL OF FACILITIES AND EQUIPMENT			
Rental of facilities		644 365	571 610
Total rentals		<u>644 365</u>	<u>571 610</u>
14 INTEREST EARNED - EXTERNAL INVESTMENTS			
Bank		-	-
Financial assets		2 805 105	3 065 503
Other		-	-
Total Interest		<u>2 805 105</u>	<u>3 065 503</u>
15 INTEREST EARNED - OUTSTANDING RECEIVABLES			
Other receivables		59 053	61 165
Other		-	-
Total interest		<u>59 053</u>	<u>61 165</u>
16 GOVERNMENT GRANTS AND SUBSIDIES			
Unconditional			
Equitable share		3 846 000	6 061 000
Conditional			
Grants and Donations		34 305 920	31 208 056
Total Government Grant and Subsidies		<u>38 151 920</u>	<u>37 269 056</u>
Disclosed as follows:			
Government Grants and Subsidies - Operating		36 777 371	37 155 035
Government Grants and Subsidies - Capital		1 374 549	114 021
Total Government Grant and Subsidies		<u>38 151 920</u>	<u>37 269 056</u>
16.1 Equitable Share			
Balance unspent at beginning of year		-	-
Current year receipts		3 846 000	6 061 000
Conditions met - operating		(3 846 000)	(6 061 000)
Conditions met - capital		-	-
Conditions still to be met - remain liabilities (see note 10)		<u>-</u>	<u>-</u>
<i>The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.</i>			
16.2 Local Government Financial Management Grant (FMG)			
Balance unspent at beginning of year		74 944	151 377
Current year receipts		1 250 000	1 250 000
Repaid to National Revenue Fund		(74 000)	-
Conditions met - operating		(1 175 633)	(1 326 433)
Conditions met - capital		(25 083)	-
Conditions still to be met - remain liabilities (see note 10)		<u>50 229</u>	<u>74 944</u>

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

Note	2014 R	2013 R
<p><i>The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).</i></p>		
16.3 Municipal Systems Improvement Grant (MSIG)		
Balance unspent at beginning of year	3 115	45 232
Current year receipts	680 000	490 000
Conditions met - operating	(304 291)	(450 339)
Conditions met - capital	(376 370)	(81 777)
Conditions still to be met - remain liabilities (see note 10)	<u>2 454</u>	<u>3 115</u>
<p><i>The Municipal Systems Improvement Grant was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.</i></p>		
16.4 Municipal Infrastructure Grant (MIG)		
Balance unspent at beginning of year	5 546	5 546
Current year receipts	-	-
Conditions met - operating	-	-
Conditions met - capital	-	-
Conditions still to be met - remain liabilities (see note 10)	<u>5 546</u>	<u>5 546</u>
<p><i>The Municipal Infrastructure Grant was used to upgrade infrastructure in previously disadvantaged areas.</i></p>		
16.5 RSC Levies Replacement Grant		
Balance unspent at beginning of year	-	-
Current year receipts	23 997 000	22 198 000
Conditions met - operating	(23 997 000)	(22 198 000)
Conditions met - capital	-	-
Conditions still to be met - remain liabilities (see note 10)	<u>-</u>	<u>-</u>
<p><i>This is an unconditional grant established to make provision for income for the District Municipalities after the RSC levies were terminated.</i></p>		
16.6 Councillors Remuneration Grant		
Balance unspent at beginning of year	-	-
Current year receipts	2 078 000	1 857 000
Conditions met - operating	(2 078 000)	(1 857 000)
Conditions met - capital	-	-
Conditions still to be met - remain liabilities (see note 10)	<u>-</u>	<u>-</u>
<p><i>This is an unconditional grant to co-funding the councillors remuneration.</i></p>		
16.7 Planning and Implementation Management System		
Balance unspent at beginning of year	2 255	666 820
Current year receipts	-	510 000
Conditions met - operating	-	(1 174 565)
Conditions met - capital	-	-
Conditions still to be met - remain liabilities (see note 10)	<u>2 255</u>	<u>2 255</u>
<p><i>This is a planning reserve and is utilised for planning purposes.</i></p>		
16.8 Border Fencing		
Balance unspent at beginning of year	54 239	54 239
Current year receipts	-	-
Conditions met - operating	-	-
Conditions met - capital	-	-
Conditions still to be met - remain liabilities (see note 10)	<u>54 239</u>	<u>54 239</u>
<p><i>This grant was established to make provision for fencing next to public roads.</i></p>		
16.9 Health Inspector Subsidy		
Balance unspent at beginning of year	-	-
Current year receipts	2 300 000	2 000 000
Conditions met - operating	(2 300 000)	(2 000 000)
Conditions met - capital	-	-
Conditions still to be met - remain liabilities (see note 10)	<u>-</u>	<u>-</u>
<p><i>This unconditional grant is part of the equitable share and services to subsidise municipal health care.</i></p>		

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	Note	2014 R	2013 R
16.10 Civil Defence Subsidy			
Balance unspent at beginning of year		691 112	523 008
Current year receipts		300 000	801 000
Conditions met - operating		(78 869)	(600 652)
Conditions met - capital		(695 244)	(32 244)
Conditions still to be met - remain liabilities (see note 10)		<u>217 000</u>	<u>691 112</u>
<i>This conditional grant is to establish a disaster management centre.</i>			
16.11 Drought Relief			
Balance unspent at beginning of year		73 874	73 874
Current year receipts		-	-
Conditions met - operating		(73 874)	-
Conditions met - capital		-	-
Conditions still to be met - remain liabilities (see note 10)		<u>(0)</u>	<u>73 874</u>
<i>This grant is to assist communities in drought relief.</i>			
16.12 Expanded Public Works Program			
Balance unspent at beginning of year		416 523	553 197
Current year receipts		1 000 000	1 000 000
Conditions met - operating		(1 335 389)	(1 136 674)
Conditions met - capital		-	-
Conditions still to be met - remain liabilities (see note 10)		<u>81 134</u>	<u>416 523</u>
<i>This grant service to establish work in local communities.</i>			
16.13 Fire Equipment Grant			
Balance unspent at beginning of year		913 410	542 094
Current year receipts		300 000	390 000
Conditions met - operating		(38 899)	(18 684)
Conditions met - capital		(277 852)	-
Conditions still to be met - remain liabilities (see note 10)		<u>896 659</u>	<u>913 410</u>
<i>This grant is to assist local municipalities to render a fire service.</i>			
16.14 Integrated Development Planning			
Balance unspent at beginning of year		342 065	382 368
Current year receipts		210 000	-
Conditions met - operating		(93 843)	(40 303)
Conditions met - capital		-	-
Conditions still to be met - remain liabilities (see note 10)		<u>458 222</u>	<u>342 065</u>
<i>This reserve assist the municipality to compile and maintain the Integrated Development Plan.</i>			
16.15 Komaggas Road			
Balance unspent at beginning of year		1	4 371
Current year receipts		-	-
Conditions met - operating		-	(4 370)
Conditions met - capital		-	-
Conditions still to be met - remain liabilities (see note 10)		<u>1</u>	<u>1</u>
<i>This grant was used to build the Komaggas road.</i>			

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	Note	2014 R	2013 R
16.16 SA Projects			
Balance unspent at beginning of year		8	205 909
Current year receipts		-	-
Conditions met - operating		-	(205 901)
Conditions met - capital		-	-
Conditions still to be met - remain liabilities (see note 10)		8	8
<i>This grant is to create work programmes in local communities.</i>			
16.17 Namaqua Sanitation Bucket System			
Balance unspent at beginning of year		213 395	213 395
Current year receipts		-	-
Conditions met - operating		(56 281)	-
Conditions met - capital		-	-
Conditions still to be met - remain liabilities (see note 10)		157 114	213 395
16.18 NC Housing			
Balance unspent at beginning of year		374 823	500 000
Current year receipts		81 100	-
Conditions met - operating		-	(125 177)
Conditions met - capital		-	-
Conditions still to be met - remain liabilities (see note 10)		455 923	374 823
<i>This grant is to establish a housing unit at the District level.</i>			
16.19 Sakrivier Bridge			
Balance unspent at beginning of year		8 187	8 187
Current year receipts		-	-
Conditions met - operating		-	-
Conditions met - capital		-	-
Conditions still to be met - remain liabilities (see note 10)		8 187	8 187
<i>This grant was used to rebuild the sakriver bridge after flooding .</i>			
16.20 Khotso Pula Nala			
Balance unspent at beginning of year		-	-
Current year receipts		7 551 000	-
Conditions met - operating		(1 125 785)	-
Conditions met - capital		-	-
Conditions still to be met - remain liabilities (see note 10)		6 425 215	-
<i>This grant originated from the Department Roads and Public Works and is used for projects determined by the Department.</i>			
16.21 Fencing			
Balance unspent at beginning of year		42 555	42 555
Current year receipts		-	-
Conditions met - operating		(42 555)	-
Conditions met - capital		-	-
Conditions still to be met - remain liabilities (see note 10)		-	42 555
<i>This grant was established to make provision for fencing next to public roads.</i>			
16.22 Electronic Filing System			
Balance unspent at beginning of year		15 227	15 227
Current year receipts		-	-
Conditions met - operating		-	-
Conditions met - capital		-	-
Conditions still to be met - remain liabilities (see note 10)		15 227	15 227
<i>The grant was used to implement an electronic filing system.</i>			
16.23 Spoegrivier Sport Ground (Lotto)			
Balance unspent at beginning of year		5 290	5 290
Current year receipts		-	-
Conditions met - operating		-	-
Conditions met - capital		-	-
Conditions still to be met - remain liabilities (see note 10)		5 290	5 290
<i>This grant was received to build a sports ground in Spoegrivier.</i>			

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	Note	2014 R	2013 R
1 6.24 Swartzkop Sport Ground (Lotto)			
Balance unspent at beginning of year		207 475	207 475
Current year receipts		-	-
Conditions met - operating		-	-
Conditions met - capital		-	-
Conditions still to be met - remain liabilities (see note 10)		<u>207 475</u>	<u>207 475</u>
<i>This grant was received to build a sports ground in Swatzkop.</i>			
1 6.25 Training Reserve (SETA)			
Balance unspent at beginning of year		81 276	144 160
Current year receipts		151 676	107 653
Conditions met - operating		(230 952)	(170 537)
Conditions met - capital		-	-
Conditions still to be met - remain liabilities (see note 10)		<u>2 000</u>	<u>81 276</u>
<i>This is the amount claimed back from SETA for training and is utilised for training.</i>			
1 6.26 Kamiesberg Special Fund			
Balance unspent at beginning of year		2 297	2 297
Current year receipts		-	-
Conditions met - operating		-	-
Conditions met - capital		-	-
Conditions still to be met - remain liabilities (see note 10)		<u>2 297</u>	<u>2 297</u>
<i>This grant is used to purify the water in the local settlements.</i>			
1 6.27 Richtersveld Special Fund			
Balance unspent at beginning of year		3 013	3 013
Current year receipts		-	-
Conditions met - operating		-	-
Conditions met - capital		-	-
Conditions still to be met - remain liabilities (see note 10)		<u>3 013</u>	<u>3 013</u>
<i>This grant is used to purify the water in the local settlements.</i>			
1 6.28 Total Grants			
Opening balance		3 530 631	4 349 633
Grants received		43 744 776	36 664 653
Repaid to National Revenue Fund		(74 000)	-
Conditions met - Operating		(36 777 371)	(37 369 635)
Conditions met - Capital		(1 374 549)	(114 021)
Conditions still to be met/(Grant expenditure to be recovered)		<u>9 049 487</u>	<u>3 530 631</u>
Disclosed as follows:			
Unspent Conditional Government Grants and Receipts		9 049 487	3 530 631
Total		<u>9 049 487</u>	<u>3 530 631</u>

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	Note	2014 R	2013 R
17 OTHER INCOME			
Revenue from Exchange Transactions			
Income from Agency Services		844 841	1 914 183
Sundries		134 436	108 647
Contributions received: Project Management Unit		345 212	945 198
Brosures		-	898
Administration Fees		8 601	28 271
Revenue from Non-Exchange Transactions		<u>1 333 090</u>	<u>2 997 198</u>
Actuarial Gains		384 705	40 820
Total Other Income		<u><u>1 717 795</u></u>	<u><u>3 038 018</u></u>
18 EMPLOYEE RELATED COSTS			
Employee related costs - Salaries and Wages		16 198 510	13 441 462
Employee related costs - Contributions for UIF, pensions and medical aids		3 566 590	1 568 315
Travel, motor car, accommodation, subsistence and other allowances		2 486 382	1 516 977
Housing benefits and allowances		615 627	371 537
Overtime payments		425 292	280 002
Performance and other bonuses		1 209 438	968 377
Provision for leave		105 561	(23 096)
Contribution to provision - Long Service Awards - Note 12		96 719	133 101
Contribution to provision - Post Retirement Medical - Note 12		311 713	209 978
Total Employee Related Costs		<u><u>25 015 831</u></u>	<u><u>18 466 654</u></u>
Remuneration of the Municipal Manager - M Brandt			
Annual Remuneration		845 107	566 512
Performance- and other bonuses		68 750	46 750
Travel, motor car, accommodation, subsistence and other allowances		173 461	146 158
Contributions to UIF, Medical and Pension Funds		183 340	144 067
Total		<u><u>1 270 658</u></u>	<u><u>903 487</u></u>
Remuneration of the Chief Finance Officer (Former) - F Rootman			
Annual Remuneration		-	135 835
Performance- and other bonuses		-	37 732
Long service award		-	43 467
Travel, motor car, accommodation, subsistence and other allowances		-	34 503
Contributions to UIF, Medical and Pension Funds		-	40 498
Leave payout		-	14 170
Total		<u><u>-</u></u>	<u><u>306 205</u></u>
Remuneration of the Chief Finance Officer (Current) - R Datadin			
Annual Remuneration		586 200	325 430
Performance- and other bonuses		42 750	-
Travel, motor car, accommodation, subsistence and other allowances		161 795	67 134
Contributions to UIF, Medical and Pension Funds		121 697	61 348
Total		<u><u>912 442</u></u>	<u><u>453 912</u></u>
Remuneration of Director: Corporate Services - G Cloeta			
Annual Remuneration		547 692	352 186
Performance- and other bonuses		31 595	29 425
Travel, motor car, accommodation, subsistence and other allowances		151 984	141 464
Contributions to UIF, Medical and Pension Funds		70 030	72 530
Total		<u><u>801 300</u></u>	<u><u>595 605</u></u>
Remuneration of Head of Environmental Health (Former) - W Auret			
Annual Remuneration		-	217 084
Performance- and other bonuses		-	36 181
Long Service Awards		-	22 329
Travel, motor car, accommodation, subsistence and other allowances		-	89 468
Contributions to UIF, Medical and Pension Funds		-	60 400
Leave payout		-	36 947
Total		<u><u>-</u></u>	<u><u>462 407</u></u>
Remuneration of Director: Office of the Municipal Manager - J Loubser			
Annual Remuneration		534 000	462 563
Performance- and other bonuses		44 500	16 196
Travel, motor car, accommodation, subsistence and other allowances		141 915	48 848
Contributions to UIF, Medical and Pension Funds		140 589	135 710
Total		<u><u>861 004</u></u>	<u><u>663 317</u></u>

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

Note	2014 R	2013 R
Remuneration of Director: Economic Development - C Fortuin		
Annual Remuneration	480 442	314 059
Performance- and other bonuses	39 091	26 134
Travel, motor car, accommodation, subsistence and other allowances	164 204	151 427
Contributions to UIF, Medical and Pension Funds	120 198	94 803
Total	803 935	586 424
Remuneration of Manager: Projects - I Smith		
Annual Remuneration	370 248	335 059
Performance- and other bonuses	30 854	28 082
Travel, motor car, accommodation, subsistence and other allowances	166 272	157 028
Contributions to UIF, Medical and Pension Funds	87 797	86 297
Total	655 172	606 444
Remuneration of Manager: Maintenance and Household Services - E Bezuidenhout		
Annual Remuneration	379 140	343 917
Performance- and other bonuses	31 595	28 335
Travel, motor car, accommodation, subsistence and other allowances	159 035	150 752
Contributions to UIF, Medical and Pension Funds	81 269	79 512
Total	651 039	602 517
Remuneration of Manager: Municipal Health Services - H Theron		
Annual Remuneration	344 820	-
Performance- and other bonuses	28 735	-
Travel, motor car, accommodation, subsistence and other allowances	161 130	-
Contributions to UIF, Medical and Pension Funds	93 005	-
Total	627 690	-

19 REMUNERATION OF COUNCILLORS

Executive Mayor	619 454	591 753
Speaker	346 921	387 330
Councillors	1 014 763	870 089
Councillors' allowances	441 165	431 332
Total Councillors' Remuneration	2 422 303	2 280 503

Remuneration paid to councillors were as follows:

BG Vass - Mayor	664 685	516 439
FE Van Den Heever - Mayor - (Resigned 29/05/2013)	-	591 753
MS Cardinal - Councillor - Speaker	342 577	102 690
SD Hoskin - Councillor	68 838	68 838
FX Cupido - Councillor	68 838	68 838
EC Drage-Maritz - Councillor	224 216	206 061
SF Nieuwoudt - Councillor	224 216	206 061
CR Wame - Councillor	224 216	206 061
J Swarts - Councillor	12 271	11 686
P van Heerden - Councillor	94 285	29 636
KR Groenewald - Councillor	224 216	28 037
S van Wyk - Councillor	8 283	9 319
J van der Colff - Councillor	17 529	16 695
WJ Links - Councillor	12 328	12 328
SJ Engelbrecht - Councillor	224 216	206 081
GJ Coetzee - Councillor	11 588	-
Total Councillors' Remuneration	2 422 303	2 280 503

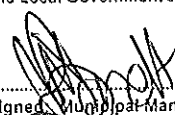
In-kind Benefits

The Executive Mayor, Speaker are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor as well as the Speaker may utilise official Council transportation when engaged in official duties.

Certification by the Municipal Manager

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.


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Signed: Municipal Manager

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	Note	2014 R	2013 R
10 DEPRECIATION AND AMORTISATION EXPENSE			
Property, plant and equipment		1 584 244	1 568 910
Correction of error - Note 27.1		-	1 600
Intangible assets		275 574	272 038
Investment property carried at cost		18 094	23 760
Total Depreciation and Amortisation		1 877 911	1 866 308
11 FINANCE COSTS			
Borrowings		35 059	30 547
Non-current employee benefits		1 459 398	1 171 597
Total Finance Costs		1 494 457	1 202 144
12 CONTRACTED SERVICES			
Contracted services		469 206	68 808
		469 206	68 808
13 GRANTS AND SUBSIDIES PAID			
Grants that are paid to B - Municipalities		3 425 414	4 369 532
Correction of error - Note 27.4		-	(50 000)
		3 425 414	4 319 532
24 GENERAL EXPENSES			
<i>Included in general expenses are the following:-</i>			
Actuarial losses		6 596	3 287 877
Advertising		308 571	559 583
Admin fees		-	28 502
Audit fees		2 054 986	1 846 996
Bank charges		80 463	75 895
Bursaries		8 500	6 445
Conferences and delegations		36 675	39 909
Consumables		75 543	75 884
Economic Summit		-	794 828
Entertainment		154 049	240 016
Expanded Public Works Programme		1 107 003	1 136 674
Financial management grant		1 093 227	1 116 433
Fuel and oil		660 812	609 763
Insurance		135 632	413 123
Legal expenses		27 180	348 785
Licence fees - vehicles		6 902	5 767
Licence fees - computers		304 634	186 400
Membership fees		466 712	408 244
Postage		1 599	6 980
Printing and stationery		200 345	315 694
Project Development		2 041 040	1 224 070
Rental of office equipment		8 441	19 303
Rental of office buildings		8 500	3 400
Skills development levies		239 819	191 724
Trade test centre		-	2 500 000
Telephone cost		431 478	470 627
Training		554 554	176 837
Transport claims		29 339	20 837
Travel and subsistence		3 130 178	2 749 669
Uniforms & overalls		1 411	13 541
Other operating expenses		2 528 795	2 233 656
		15 702 985	21 107 462

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	Note	2014 R	2013 R
25 GAIN / (LOSS) ON SALE OF ASSETS			
Property, plant and equipment		13 665	(234 737)
Total Gain / (Loss) on Sale of Assets		13 665	(234 737)
26 IMPAIRMENT LOSS / (REVERSAL OF IMPAIRMENT LOSS)			
Property, plant and equipment		1 202	2 169
Total Impairment loss / (Reversal of Impairment Loss)		1 202	2 169
27 CORRECTION OF ERROR IN TERMS OF GRAP 3			
The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP:			
27.1 Property, Plant and Equipment			
Balance previously reported		-	8 051 664
Cost			529 605
Land transferred to Investment Property	Note 4	-	(8 817)
Property, Plant and Equipment not recorded in previous years	Note 4	-	250 000
Erven not recorded in Property, Plant and Equipment in prior years	Note 4	-	288 422
Accumulated Depreciation		-	(251 600)
Depreciation for Property, Plant and Equipment not previously included	Note 4	-	(1 600)
Property, Plant and Equipment not recorded in previous years	Note 4	-	(250 000)
Restated Balance		-	8 329 669
<i>Land transferred to Investment Property</i>			
27.2 Investment property			
Balance previously reported		-	208 307
Cost		-	8 817
Land transferred from Property, Plant and Equipment	Note 6	-	8 817
Accumulated Depreciation		-	-
Restated Balance		-	217 124
<i>Land transferred from Property, Plant and Equipment</i>			
27.3 VAT Receivable			
Balance previously reported		-	76 403
Input tax disallowed in prior years	Note 8	-	(41 563)
Input tax disallowed in 2012/13	Note 8	-	(2 238)
Restated Balance		-	32 602
<i>Input tax disallowed in previous years</i>			
27.4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS			
Balance previously reported		-	1 673 675
Correction of Sundry debtors suspense account in prior years	Note 2	-	(348 836)
Correction of Sundry debtors suspense account in 2012/13	Note 2	-	148 416
Correction of Construction debtor not raised in 2012/13	Note 2	-	50 000
Restated Balance		-	1 523 256
<i>Clear of sundry debtor suspense account from previous years</i>			
27.5 Cash and Cash Equivalents			
Balance previously reported		-	59 254 271
Correct of cashbook reconciling error from previous years	Note 1	-	400
Restated Balance		-	59 254 671

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	Note	2014 R	2013 R
<i>Reconciling cashbook error from previous years</i>			
27.6 Accumulated Surplus / Deficit - 1 July 2012			
Input tax disallowed in prior years		-	(41 563)
Correction of Sundry debtors suspense account in prior years		-	(348 836)
Erven not recorded in Property, Plant and Equipment in prior years		-	288 422
Correct of cashbook reconciling error from previous years		-	400
Cost - Property, Plant and Equipment not recorded in previous years		-	250 000
Accumulated Depreciation - Property, Plant and Equipment not recorded in previous years		-	(250 000)
Total		-	(101 577)

28 CASH GENERATED BY OPERATIONS

Surplus/(deficit) for the year	(8 029 646)	(7 773 663)
Adjustment for:-		
Depreciation and amortisation	1 877 913	1 864 708
(Gain) / loss on sale of assets	(13 665)	234 737
Government Grants and Subsidies received	43 670 776	36 664 653
Government Grants and Subsidies recognised as revenue	(38 151 920)	(37 483 656)
Contribution to provisions - Non-Current Provisions	450 732	(1 056 812)
Contribution to provisions - Actuarial (Gain) / Loss (Post Retirement Medical Benefit)	(384 705)	3 287 877
Contribution to provisions - Actuarial (Gain) / Loss (Long Service Award Benefit)	6 596	(40 820)
Debt Impairment	349 828	(1 450 592)
Operating lease income	-	(7 341)
Operating lease expense	-	70 804
Impairment loss / (reversal of impairment loss)	1 202	2 169
Operating surplus before working capital changes:	(222 890)	(5 687 935)
(Increase)/decrease in Receivables	202 474	1 495 067
(Increase)/decrease in VAT receivable	(380 034)	183 610
Increase/(decrease) in Trade payables	(5 580 633)	2 799 725
Increase/(decrease) in Current Employee Benefits	207 866	84 876
Cash generated by/(utilised in) operations	(5 773 217)	(1 124 658)

29 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following:

Bank balances and cash - Note 1	49 501 657	59 254 271
Bank overdrafts	-	-
Net cash and cash equivalents (net of bank overdrafts)	49 501 657	59 254 271

30 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES

Cash and Cash Equivalents - Note 29	49 501 657	59 254 271
Less:		
Unspent Committed Conditional Grants - Note 10	(9 049 487)	(3 530 631)
Net cash resources available for internal distribution	40 452 170	55 723 640
Allocated to:		
Reserves	(1 514 731)	(939 256)
Resources available for working capital requirements	38 937 439	54 784 384

31 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term liabilities (see Note 11)	209 469	231 708
Used to finance property, plant and equipment - at cost	(209 469)	(231 708)
Sub- total	-	-
Cash set aside for the repayment of long-term liabilities	-	-
Cash invested for repayment of long-term liabilities	-	-

Long-term liabilities have been utilised in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE
32 DISALLOWED

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	Note	2014 R	2013 R
32.1 Unauthorised expenditure			
Reconciliation of unauthorised expenditure			
Opening balance		3 727 710	1 050 493
Unauthorised expenditure current year		-	3 727 710
Condoned by Council on 20 June 2013		(3 727 710)	(1 050 493)
Transfer to receivables for recovery		-	-
Unauthorised expenditure awaiting authorisation		-	3 727 710
32.2 Fruitless and wasteful expenditure			
Reconciliation of fruitless and wasteful expenditure			
Opening balance -		-	-
Fruitless and wasteful expenditure current year		-	-
Condoned or written off by Council		-	-
To be recovered – contingent asset		-	-
Fruitless and wasteful expenditure awaiting condonement		-	-
32.3 Irregular expenditure			
Reconciliation of irregular expenditure			
Opening balance		2 661 703	-
Irregular expenditure current year		-	2 661 703
Condoned by Council on 27 August 2014		(2 661 703)	-
Transfer to receivables for recovery – not condoned		-	-
Irregular expenditure awaiting condonement by Council		-	2 661 703
Irregular expenditure awaiting condonement from National Treasury		2 661 703	2 661 703
Supply Chain Management deviations not reported to Council			
Incident	Disciplinary steps		
Procurement and Contract Management: R 0 - R 2 000			
Deviations from the Supply Chain regulations - 3 Quotations not obtained	None	-	444 560
Procurement and Contract Management: R 2 000 - R 10 000			
Deviations from the Supply Chain regulations - 3 Quotations not obtained	None	-	1 073 997
Procurement and Contract Management: R 10 000 - R 30 000			
Deviations from the Supply Chain regulations - No original tax clearance certificate	None	-	29 000
Deviations from the Supply Chain regulations - 3 Quotations not obtained	None	-	580 397
Procurement and Contract Management: R 30 000 - R 200 000			
Deviations from the Supply Chain regulations - 3 Quotations not obtained	None	-	533 749
		-	2 661 703
<i>Recoverability / Condonement of irregular expenditure will be evaluated by Council in terms of section 32 of the MFMA. No steps have been taken as this stage to recover any monies.</i>			
ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE			
33 MANAGEMENT ACT			
33.1 Contributions to organised local government - [MFMA 125 (1)(b)] - (SALGA CONTRIBUTIONS)			
Opening balance		-	-
Council subscriptions		450 000	400 000
Amount paid - current		(450 000)	(400 000)
Amount paid - previous years		-	-
Balance unpaid (Included in payables)		-	-
33.2 Audit fees - [MFMA 125 (1)(c)]			
Opening balance		-	-
Current year audit fee		2 054 986	1 851 644
Amount paid - current year		(2 054 986)	(1 851 644)
Amount paid - previous years		-	-
Balance unpaid (Included in payables)		-	-

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

Note	2014 R	2013 R
33.3 VAT - [MFMA 125 (1)(c)]		
Opening balance	32 602	365 960
Amounts received - current year	(1 148 277)	(1 575 383)
Amounts claimed - current year (payable)	1 345 432	1 285 826
Amount overpaid owed by South African Revenue Services	182 879	-
Correction of error - VAT Disallowment (Note 27.3)	-	(43 801)
Amount paid - previous year	-	-
	<u>412 636</u>	<u>32 602</u>

VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year.

33.4 PAYE and UIF - [MFMA 125 (1)(c)]		
Opening balance	-	-
Current year payroll deductions	4 793 634	3 259 471
Amount paid - current year	(4 793 634)	(3 259 471)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	<u>-</u>	<u>-</u>

33.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]		
Opening balance	-	-
Current year payroll deductions and Council Contributions	6 491 119	7 153 329
Amount paid - current year	(6 491 119)	(7 153 329)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	<u>-</u>	<u>-</u>

33.6 Non-compliance with Chapter 14 of the Municipal Finance Management Act

Non-compliance to the Supply Chain Management Regulations were identified on the following categories:

	Type of Deviation		
	Single Supplier	Impractical	Emergency
July	7 578	166 980	1 069
August	26 958	181 320	598
September	36 212	239 842	3 028
October	47 674	299 218	175
November	48 334	103 571	-
December	19 430	599 246	419 787
January	14 511	179 476	-
February	22 080	194 749	1 235
March	11 420	116 128	2 748
April	60 795	114 437	968
May	12 421	59 767	716
June	13 835	93 565	500
	<u>321 248</u>	<u>2 348 299</u>	<u>430 826</u>

34 CONTINGENT LIABILITY / ASSETS

The municipality is not currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions.

35 IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any in-kind donations or assistance during the year under review.

36 RELATED PARTIES

Key Management and Councilors receive and pay for services on the same terms and conditions as other ratepayers.

36.1 Compensation of key management personnel

The compensation of key management personnel is set out in note 18 to the Annual Financial Statements.

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	Note	2014 R	2013 R
37 EVENTS AFTER THE REPORTING DATE			
<p>The Municipality is currently in dispute with SARS over an amount of R 727 739.74 as disclosed in Note 2. This amount was deducted by SARS for outstanding EMP 201 returns from 2002. The municipality is of the opinion that they will recover the full amount from SARS once supporting documentation is submitted to SARS.</p>			
38 FINANCIAL RISK MANAGEMENT			
<p>The activities of the municipality expose it to a variety of financial risks, including credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.</p>			
(a) Foreign Exchange Currency Risk			
<p>The municipality does not engage in foreign currency transactions.</p>			
(b) Price Risk			
<p>The municipality is not exposed to price risk.</p>			
(c) Interest Rate Risk			
<p>As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.</p> <p>The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.</p> <p>The municipality did not hedge against any interest rate risks during the current year.</p> <p>The potential impact on the entity's surplus/(deficit) for the year due to changes in interest rates were as follows:</p>			
		495 017	592 543
		(495 017)	(592 543)
(d) Credit Risk			
<p>Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.</p> <p>Credit risk arises mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.</p> <p>Trade and other receivables are disclosed net after provisions are made for impairment and bad debts. Trade receivables comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other receivables is considered to be moderate due to the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.</p> <p>All rates are payable within 30 days from invoice date. Refer to note 2 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.</p>			
Non-exchange Receivables		2014 %	2014 R
Rates		20.23%	204 874
Other		79.77%	807 814
		100.00%	1 012 688

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	Note	2014 R 2013 %	2013 R 2013 R
Non-exchange Receivables			
Rates		12.81%	190 165
Other		87.19%	1 293 876
		100.00%	1 484 041

No receivables are pledged as security for financial liabilities.

Due to short term nature of trade and other receivables the carrying value disclosed in note 2 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of receivables as follow:

	2014 %	2014 R
Non-exchange Receivables		
Rates	5.04%	204 874
Other	94.96%	3 862 976
	100.00%	4 067 850

	2013 %	2013 R
Non-exchange Receivables		
Rates	0.00%	-
Other	100.00%	3 718 022
	100.00%	3 718 022

The provision for bad debts could be allocated between the different categories of receivables as follow:

	2014 %	2014 R
Government	81.08%	3 298 375
Industrial	14.69%	597 577
Residential	4.23%	171 897
	100.00%	4 067 850

	2013 %	2013 R
Government	81.66%	3 036 065
Industrial	15.05%	559 543
Residential	3.29%	122 414
	100.00%	3 718 022

	Non-Exchange Receivables
Ageing of amounts past due but not impaired are as follows:	
2014	
1 month past due	5 737
2+ months past due	940 777
	946 514
2013	
1 month past due	43 686
2+ months past due	350 705
	394 392

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	Note	2014 R	2013 R
Bad debts written-off per receivable class:			
Non-exchange Receivables		2014 %	2014 R
Rates		0.00%	-
Other		0.00%	-
		0.00%	-
Non-exchange Receivables		2013 %	2013 R
Rates		0.00%	-
Other		0.00%	-
		0.00%	-

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Financial assets exposed to credit risk at year end are as follows:

Investments	1 146	1 146
Receivables from non-exchange transactions	4 106 190	4 473 792
Cash and Cash Equivalents	49 501 657	59 254 671
	53 608 993	63 729 609

(e) Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years
2014		
Long-term Liabilities	100 448	177 020
Trade and Other Payables	5 756 233	-
	5 856 681	177 020
2013		
Long-term Liabilities	117 446	182 529
Trade and Other Payables	11 336 867	-
	11 454 313	182 529

39 FINANCIAL INSTRUMENTS

In accordance with GRAP 104.45 the financial liabilities and assets of the municipality are classified as follows:

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	Note	2014 R	2013 R
39.1 Financial Assets	Classification		
Investments			
Unlisted Investments	Available for sale	1 146	1 146
Receivables from Non-Exchange Transactions			
Sundry Debtors	Loans and Receivables	4 106 190	4 473 792
Cash and Cash Equivalents			
Bank Balances	Loans and Receivables	4 615 020	3 133 191
Call Deposits	Loans and Receivables	44 885 831	56 120 675
Cash Floats and Advances	Loans and Receivables	805	805
Total Financial Assets		53 608 993	63 729 609
SUMMARY OF FINANCIAL ASSETS			
Financial Instruments at cost:			
Investments	Unlisted Investments	1 146	1 146
Financial Instruments at amortised cost:			
Receivables from Non-exchange Transactions	Sundry Debtors	4 106 190	4 473 792
Cash and Cash Equivalents	Bank Balances	4 615 020	3 133 191
Cash and Cash Equivalents	Cash Floats and Advances	44 885 831	56 120 675
Cash and Cash Equivalents	Call Deposits	805	805
		53 607 847	63 728 463
Total Financial Assets		53 608 993	63 729 609
39.2 Financial Liabilities	Classification		
Long-term Liabilities			
Capitalised Lease Liability	Financial Instruments at amortised cost	137 407	146 078
Trade and Other Payables			
Trade Creditors	Financial Instruments at amortised cost	65 178	732 805
Payments received in advance	Financial Instruments at amortised cost	58 305	28 755
Other Creditors	Financial Instruments at amortised cost	4 365 324	2 680 798
Current Portion of Long-term Liabilities			
Capitalised Lease Liability	Financial Instruments at amortised cost	72 062	85 631
		4 698 275	3 674 066
SUMMARY OF FINANCIAL LIABILITIES			
Financial Instruments at amortised cost:			
Long-term Liabilities	Capitalised Lease Liability	137 407	146 078
Trade and Other Payables	Trade Creditors	65 178	732 805
Trade and Other Payables	Payments received in advance	58 305	28 755
Trade and Other Payables	Other Creditors	4 365 324	2 680 798
Current Portion of long-term liabilities	Capitalised Lease Liability	72 062	85 631
		4 698 275	3 674 066

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	Note	2014 R	2013 R
40 BUDGET COMPARISONS			
	2014 Actual R	2014 Budget R	2014 Variance R
40.1 Operational Budget by source/type			
Revenue by source			
Property rates	-	-	-
Property rates - penalties & collection charges	-	-	-
Service charges - electricity revenue	-	-	-
Service charges - water revenue	-	-	-
Service charges - sanitation revenue	-	-	-
Service charges - refuse revenue	-	-	-
Service charges - other	-	-	-
Rental of facilities and equipment	644 365	927 375	(283 010)
Interest earned - external investments	2 805 105	1 450 000	1 355 105
Interest earned - outstanding debtors	59 053	100 000	(40 947)
Dividends received	-	-	-
Fines	-	5 000	(5 000)
Licences and Permits	-	-	-
Agency services	5 311 472	13 956 561	(8 645 090)
Transfers recognised	44 852 969	56 461 496	(11 608 527)
Transfers recognised - capital	-	1 455 000	(1 455 000)
Other revenue	1 717 795	1 325 000	392 795
Gains on disposal of PPE	13 665	400 000	(386 335)
Total Revenue (excluding capital transfers and contributions)	55 404 422	76 080 432	(20 676 010)
Expenditure by Type	2014 Actual R	2014 Budget R	2014 Variance R
Employee related costs	32 379 649	33 928 533	(1 548 884)
Remuneration of councillors	2 422 303	2 503 578	(81 275)
Debt Impairment	349 828	-	349 828
Depreciation & asset impairment	1 877 911	1 931 200	(53 289)
Finance charges	1 494 457	1 171 597	322 860
Bulk purchases	-	-	-
Other materials	-	-	-
Contracted services	469 206	8 520 973	(8 051 768)
Transfers and grants	3 425 414	10 056 000	(6 630 586)
Other expenditure	21 015 301	26 874 281	(5 858 980)
Loss on disposal of PPE	-	-	-
Total Expenditure	63 434 068	84 988 162	(21 552 093)
Surplus/(Deficit) for the year	(8 029 646)	(8 905 730)	876 084

Details of material variances

Refer to Note 43.2 for explanations.

	2014 Actual R	2014 Budget R	2014 Variance R
40.2 Operational Budget by Standard Classification			
Revenue - Standard			
Governance and Administration			
Executive and council	4 755 503	12 513 238	(7 757 735)
Budget and Treasury Office	28 915 357	29 398 295	(482 938)
Corporate Services	5 305 989	9 088 602	(3 782 613)
Community and Public Safety			
Community and Social Services	2 300 000	2 300 000	-
Sport and Recreation	-	-	-
Public Safety	1 089 196	1 791 000	(701 804)
Housing	-	-	-
Health	-	-	-
Economic and Environmental Services			
Planning and Development	13 038 379	20 981 110	(7 942 731)
Road Transport	-	8 187	(8 187)
Environmental Protection	-	-	-

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	Note	2014 R	2013 R
Trading Services			
Electricity	-	-	-
Water	-	-	-
Waste Water Management	-	-	-
Waste Management	-	-	-
Other	-	-	-
Total Revenue	55 404 424	76 080 432	(20 676 008)
	2014 Actual R	2014 Budget R	2014 Variance R
Expenditure - Standard			
Governance and Administration			
Executive and council	19 637 163	27 653 079	(8 015 916)
Budget and Treasury Office	4 836 159	4 887 991	(51 833)
Corporate Services	9 148 676	13 775 086	(4 626 410)
Community and Public Safety			
Community and Social Services	4 309 588	4 409 046	(99 458)
Sport and Recreation	-	-	-
Public Safety	4 020 665	4 720 295	(699 630)
Housing	-	-	-
Health	61 845	61 900	(55)
Economic and Environmental Services			
Planning and Development	21 419 972	28 624 392	(7 204 420)
Road Transport	-	854 372	(854 372)
Environmental Protection	-	-	-
Trading Services			
Electricity	-	-	-
Water	-	-	-
Waste Water Management	-	-	-
Waste Management	-	-	-
Other	-	-	-
Total Expenditure	63 434 068	84 986 182	(21 552 094)
Surplus/(Deficit) for the year	(8 029 644)	(8 905 730)	876 086

Details of material variances

Refer to Note 43.2 for explanations.

	2014 Actual R	2014 Budget R	2014 Variance R
40.3 Capital Expenditure by Standard Classification			
Governance and Administration			
Executive and council	48 761	67 000	(18 239)
Budget and Treasury Office	90 285	100 000	(9 715)
Corporate Services	2 451 937	3 540 000	(1 088 063)
Community and Public Safety			
Community and Social Services	-	-	-
Sport and Recreation	-	-	-
Public Safety	973 096	1 010 000	(36 904)
Housing	-	-	-
Health	-	-	-
Economic and Environmental Services			
Planning and Development	390 268	430 000	(39 732)
Road Transport	-	-	-
Environmental Protection	-	-	-
Trading Services			
Electricity	-	-	-
Water	-	-	-
Waste Water Management	-	-	-
Waste Management	-	-	-
Other	-	-	-
Total Capital Expenditure	3 954 347	5 147 000	(1 192 653)

Details of material variances

Refer to Note 43.2 for explanations.

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	Note	2014 R	2013 R
	2014 Actual R	2014 Budget R	2014 Variance R
40.4 Operational Budget by Municipal Vote			
Municipal Manager			
Executive and council	4 755 503	12 513 238	(7 757 735)
Director: Finance			
Budget and Treasury Office	28 915 357	29 398 295	(482 938)
Director: Administration			
Corporate Services	5 305 989	9 088 602	(3 782 613)
Director: Economic Development			
Planning and Development	13 038 379	20 981 110	(7 942 731)
Director: Community Services			
Community and Social Services	2 300 000	2 300 000	-
Environmental Protection	-	-	-
Sport and Recreation	-	-	-
Public Safety	1 089 196	1 791 000	(701 804)
Housing	-	-	-
Health	-	-	-
Director: Technical Services			
Road Transport	-	8 187	(8 187)
Electricity	-	-	-
Water	-	-	-
Waste Water Management	-	-	-
Waste Management	-	-	-
Total Revenue	55 404 424	76 080 432	(20 676 008)
	2014 Actual R	2014 Budget R	2014 Variance R
Expenditure - Vote			
Municipal Manager			
Executive and council	19 637 163	27 653 079	(8 015 916)
Director: Finance			
Budget and Treasury Office	4 836 159	4 887 991	(51 833)
Director: Administration			
Corporate Services	9 148 676	13 775 086	(4 626 410)
Director: Economic Development			
Planning and Development	21 419 972	28 624 392	(7 204 420)
Director: Community Services			
Community and Social Services	4 309 588	4 409 046	(99 458)
Environmental Protection	-	-	-
Sport and Recreation	-	-	-
Public Safety	4 020 665	4 720 295	(699 630)
Housing	-	-	-
Health	61 845	61 900	(55)
Director: Technical Services			
Road Transport	-	854 372	(854 372)
Electricity	-	-	-
Water	-	-	-
Waste Water Management	-	-	-
Waste Management	-	-	-
Total Expenditure	63 434 068	84 986 162	(21 552 094)
Surplus/(Deficit) for the year	(8 029 644)	(8 905 730)	876 086

Details of material variances

Refer to Note 43.2 for explanations.

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	Note	2014 R	2013 R
	2014 Actual R	2014 Budget R	2014 Variance R
40.5 Capital Expenditure by Municipal Vote			
Municipal Manager			
Executive and council	48 761	67 000	(18 239)
Director: Finance			
Budget and Treasury Office	90 285	100 000	(9 715)
Director: Administration			
Corporate Services	2 451 937	3 540 000	(1 088 063)
Director: Economic Development			
Planning and Development	390 268	430 000	(39 732)
Director: Community Services			
Community and Social Services	-	-	-
Environmental Protection	-	-	-
Sport and Recreation	-	-	-
Public Safety	973 096	1 010 000	(36 904)
Housing	-	-	-
Health	-	-	-
Director: Technical Services			
Road Transport	-	-	-
Electricity	-	-	-
Water	-	-	-
Waste Water Management	-	-	-
Waste Management	-	-	-
Total Capital Expenditure	3 954 347	5 147 000	(1 192 653)

Details of material variances

Refer to Note 43.2 for explanations.

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	Note	2014 R	2013 R
41 PRIVATE PUBLIC PARTNERSHIPS			
Council has not entered into any private public partnerships during the financial year.			
42 FINANCIAL SUSTAINABILITY			
Management is of the opinion that the municipality will continue to operate as a going concern and perform its functions as set out in the Constitution.			
The indicators or conditions that may, individually or collectively, cast significant doubt about the going concern assumption are as follows:			
Financial Indicators			
The current ratio decreased to 2.81:1 from 3.38:1 in the prior year.			
The municipality has budgeted for a deficit of R 8 906 000 for the 2013/2014 financial year. The municipality is also budgeting for negative cash flows during 2014/2015 and 2015/2016 amounting to R 10 594 000 and R 11 959 000 respectively.			
43 BUDGET INFORMATION			
43.1 Explanation of variances between approved and final budget amounts			
The reasons for the variances between the approved and final budgets are mainly due to variances, and the reprioritising of projects, with the corresponding changes to funding sources.			
43.2 Explanation of variances greater than 5%: Final Budget and Actual Amounts			
<u>Statement of Financial Position</u>			
43.2.1 Current Assets			
Cash and Cash Equivalents			
Increase due to savings on operating budget and conditional grants not spent during the year.			
Other Debtors			
Outstanding amount from Department of Roads and Public Works not recovered during the year.			
43.2.2 Non-Current Assets			
Investment Property			
Increase due to review of remaining useful lives of assets and assessment for impairment.			
Property, Plant and Equipment			
Increase due to review of remaining useful lives of assets, assessment for impairment and underspending of capital budget.			
Intangible Assets			
Increase due to review of remaining useful lives of assets and assessment for impairment.			
43.2.3 Current Liabilities			
Borrowing			
Increase due to new finance leases.			
Trade and Other Payables			
Increase due to conditional grants not spent during the year and payables on year-end.			
Provisions			
Increase in provision for staff leave.			
43.2.4 Non-Current Liabilities			
Borrowing			
Increase due to new finance leases.			
Provisions			
Decrease due to actuarial gain on post-retirement benefits.			
43.2.5 Net Assets			
Reserves			
Decrease due to Capital Replacement Reserve used to finance capital expenditure.			

Namakwa District Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June

	Note	2014 R	2013 R
<u>Statement of Financial Performance</u>			
43.2.6 Revenue			
Rental of Facilities and Equipment			
<i>Decrease due to decrease in rental of facilities.</i>			
Interest Earned - External Investments			
<i>Increase due to increase in interest rates.</i>			
Interest Earned - Outstanding Debtors			
<i>Decreased due to less outstanding debtors.</i>			
Agency Services			
<i>Decrease due to decrease in functions performed on behalf of Provincial Departments.</i>			
Transfers Recognised			
<i>Decrease due to decrease in grant expenditure.</i>			
Other Revenue			
<i>Increase due to shared services contributions received from B-Municipalities.</i>			
43.2.7 Expenditure			
Finance Charges			
<i>Increase due to increase in interest cost of post-retirement benefits and new finance leases.</i>			
Contracted Services			
<i>Decreased due to the removal of implementing agent function expenses.</i>			
Transfers and Grants			
<i>Decrease due to Government Grants not spent on year-end.</i>			
Other Expenditure			
<i>Decrease due to decrease in projects and budget monitoring.</i>			
Cash Flow Statement			
43.2.8 Net Cash from Operating Activities			
Receipts			
<i>Variances due to decrease in functions performed on behalf of Provincial Departments, increase in cash and cash equivalents and reprioritising of projects.</i>			
Payments			
<i>Decrease due to reprioritising of projects and budget monitoring.</i>			
43.2.9 Net Cash from Investing Activities			
Capital Assets			
<i>Decrease due to reprioritising of capital projects.</i>			
43.2.10 Net Cash from Financing Activities			
Borrowing			
<i>Increase due to new finance leases.</i>			

Namakwa District Municipality

APPENDIX A

SCHEDULE OF EXTERNAL LOANS

as at 30 June 2014

EXTERNAL LOANS	Loan number	Redeemable Date	Balance at	Received	Redeemed /	Balance at 30	Carrying Value	Other Costs in
			30 June 2013	during the	written off	June 2014	of Property,	accordance
			R	period	the	R	Plant &	with MFMA
					period		Equipment	R
LEASE LIABILITY								
Office Equipment and Tablets	NDM006-460818	31/03/2019	231 708	71 990	(94 230)	209 469	188 098	-
TOTAL EXTERNAL LOANS	-	-	231 708	71 990	(94 230)	209 469	188 098	-

The supplementary information set out in this appendix does not form part of the financial statements and is presented as additional information. Therefore this appendix is not audited.

Namakwa District Municipality

APPENDIX B

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE: MUNICIPAL VOTE CLASSIFICATION

for the year ended 30 June 2014

2013 Actual Income R	2013 Actual Expenditure R	2013 Surplus/ (Deficit) R		2014 Actual Income R	2014 Actual Expenditure R	2014 Surplus/ (Deficit) R
3 371 459	23 128 536	(19 757 076)	Municipal Manager	4 755 503	19 637 163	(14 881 660)
28 383 555	5 031 664	23 351 891	Director: Finance	28 915 357	4 836 159	24 079 199
6 950 581	9 316 126	(2 365 545)	Director: Corporate Services	5 305 989	9 148 676	(3 842 687)
22 447 497	27 541 225	(5 093 728)	Director: Economic Development	13 038 379	21 419 972	(8 381 593)
2 646 980	6 750 762	(4 103 782)	Director: Community and Social Services	3 389 196	8 392 098	(5 002 902)
-	-	-	Director: Technical Services	-	-	-
63 800 073	71 768 313	(7 968 241)	Sub Total	55 404 424	63 434 068	(8 029 644)
-	-	-	Less Inter-Departmental Charges	-	-	-
63 800 073	71 768 313	(7 968 241)	Total	55 404 424	63 434 068	(8 029 644)

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Namakwa District Municipality
APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
as at 30 June 2014

	Cost / Revaluation				Accumulated Depreciation and Impairment				Carrying value
	Opening Balance	Additions	Take-on Assets	Disposals	Closing Balance	Opening Balance	Additions	Take-on Assets	
	R	R		R	R	R	R		R
Executive Mayor	117 737	-	-	(19 382)	98 355	80 500	16 817	-	17 855
Mayor: PA	51 602	6 073	-	(6 228)	51 447	25 370	9 381	-	26 758
Speaker	62 965	-	-	(5 522)	57 443	45 408	9 018	-	66 461
Secretary	41 064	-	-	(4 648)	36 415	26 996	5 515	-	42 411
Council: Councillors	5 432	-	-	-	5 432	4 527	453	-	5 959
Council Exp. Admin	10 105 276	5 842	721 858	(285 954)	10 547 021	6 176 435	291 269	-	14 718 725
Community Development Officer	15 540	-	-	-	15 540	9 324	3 108	-	24 968
Municipal Manager	166 250	24 669	-	-	190 919	74 721	28 209	-	263 849
Municipal Manager Admin	34 752	-	-	(1 518)	33 234	24 758	4 061	-	58 053
Deputy Municipal Manager	-	-	-	-	-	-	-	-	-
Internal Audit	28 040	-	-	-	28 040	10 502	4 086	-	38 628
Administration - Admin	632 197	-	-	(27 867)	604 330	382 195	81 202	-	967 727
Administration - HR	74 132	50 730	-	-	124 862	56 645	16 599	-	191 506
Equitable Share	-	-	-	-	-	-	-	-	-
Manager - Finance	850 891	64 068	-	(34 174)	880 785	552 046	164 988	-	1 597 819
Finance - Income	-	-	-	-	-	-	-	-	-
Finance - Expenditure	-	-	-	-	-	-	-	-	-
Safety	1 040 129	968 937	-	(8 947)	2 000 119	303 512	190 369	-	2 393 998
Head - Economic Development	106 251	10 039	-	(638)	115 652	49 248	19 251	-	174 930
Development & Marketing Officer	-	-	-	-	-	-	-	-	-
Tourism	315 790	-	-	-	315 790	185 434	45 905	-	546 129
Problem Animal Control	-	-	-	-	-	-	-	-	-
Head: Socio-Economic Develop	-	-	-	-	-	-	-	-	-
PIMS	471 398	371 772	-	(1 518)	841 652	315 325	50 563	-	1 207 530
Head Projects	-	-	-	-	-	-	-	-	-
Council Buildings	1 790 844	1 348 453	-	(12 775)	3 126 523	641 369	236 304	-	3 794 191
Council Vehicles	2 641 567	1 008 006	-	(580 070)	3 069 503	1 737 629	502 762	-	4 309 894
Council Projects	369 747	-	-	(4 784)	364 963	254 584	56 292	-	675 839
Environmental Health	160 582	-	12 886	-	173 468	88 760	28 598	-	290 826
Operational and Maintenance	13 762	-	-	-	13 762	11 127	2 477	-	27 366
PMU	17 481	-	-	-	17 481	4 165	4 242	-	25 888
Total	19 113 429	3 858 590	734 743	(994 026)	22 712 736	11 070 580	1 771 468	-	40 619 688

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Namakwa District Municipality
APPENDIX D
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE: GENERAL FINANCE STATISTICAL CLASSIFICATION
for the year ended 30 June 2014

2013	2013	2013		2014	2014	2014
Actual Income	Actual Expenditure	Surplus / (Deficit)		Actual Income	Actual Expenditure	Surplus / (Deficit)
R	R	R		R	R	R
3 371 459	22 933 958	(19 562 498)	Executive & Council	4 755 503	19 637 163	(14 881 660)
28 383 555	5 031 664	23 351 891	Budget & Treasury Office	28 915 357	4 836 159	24 079 199
-	-	-	Waste Management	-	-	-
22 447 497	27 541 225	(5 093 728)	Planning & Development	13 038 379	21 419 972	(8 381 593)
-	50 742	(50 742)	Health	-	61 845	(61 845)
2 000 000	4 323 116	(2 323 116)	Community & Social Services	2 300 000	4 309 588	(2 009 588)
-	-	-	Housing	-	-	-
646 980	2 376 905	(1 729 925)	Public Safety	1 089 196	4 020 665	(2 931 469)
-	-	-	Sport & Recreation	-	-	-
-	-	-	Environmental Protection	-	-	-
6 950 581	9 316 126	(2 365 545)	Corporate Services	5 305 989	9 148 676	(3 842 687)
-	-	-	Road Transport	-	-	-
-	-	-	Waste Water Management	-	-	-
-	-	-	Water	-	-	-
-	-	-	Electricity	-	-	-
-	-	-	Other	-	-	-
63 800 073	71 573 735	(7 773 663)		55 404 424	63 434 068	(8 029 644)
-	-	-	Less: Inter-Department Charges	-	-	-
63 800 073	71 573 735	(7 773 663)	Total	55 404 424	63 434 068	(8 029 644)

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Namakwa District Municipality
APPENDIX E
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2014
ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS
GENERAL FINANCE STATISTIC CLASSIFICATIONS

	2014 Actual R	2014 Under Construction R	2014 Total Additions R	2014 Budget R	2014 Variance R	2014 Variance %	Explanation of Significant Variances greater than 5% versus Budget
Executive & Council	48 761	-	48 761	67 000	(18 239)	-27.22%	Savings realised on the purchase of office. A budget for a scanner was provided but was not deemed necessary which generated a saving.
Budget & Treasury Office	90 285	-	90 285	100 000	(9 715)		Savings realised on the purchase of computer equipment that was done on tender.
Corporate Services	2 451 937	-	2 451 937	3 540 000	(1 088 063)	-30.74%	Portion of the parking area project was funded out of Expanded Public Works Program funding which generated a saving on the budget.
Planning & Development	390 268	-	390 268	430 000	(39 732)	-9.24%	Savings realised on the purchase of the recording system, touch screen monitors and vehicle tracking system of the Council.
Health	-	-	-	-	-	0.00%	
Community & Social Services	-	-	-	-	-	0.00%	
Housing	-	-	-	-	-	0.00%	
Public Safety	973 096	-	973 096	1 010 000	(36 904)	-3.65%	
Sport & Recreation	-	-	-	-	-	0.00%	
Environmental Protection	-	-	-	-	-	0.00%	
Waste Management	-	-	-	-	-	0.00%	
Waste Water Management	-	-	-	-	-	0.00%	
Road Transport	-	-	-	-	-	0.00%	
Water	-	-	-	-	-	0.00%	
Electricity	-	-	-	-	-	0.00%	
Total	3 954 347	-	3 954 347	5 147 000	(1 192 653)	-23.17%	

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Namakwa District Municipality

APPENDIX F

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 30 June 2013	Contributions during the year	Correction of Error	Repaid to National Revenue Fund	Operating Expenditure Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2014	Unspent 30 June 2014 (Creditor)	Unpaid 30 June 2014 (Debtor)
National Government Grants									
Finance Management Grant	74 944	1 250 000	-	(74 000)	(1 175 633)	(25 083)	50 229	50 229	-
RSC Levies Replacement Grant	-	23 997 000	-	-	(23 997 000)	-	-	-	-
Equitable Share	-	3 846 000	-	-	(3 846 000)	-	-	-	-
Conciliators Remuneration Grant	-	2 078 000	-	-	(2 078 000)	-	-	-	-
Health Inspector's Subsidy	-	2 300 000	-	-	(2 300 000)	-	-	-	-
Municipal Infrastructure Grant	5 546	-	-	-	-	-	5 546	5 546	-
Municipal System Improvement Grant	3 115	680 000	-	-	(304 291)	(376 370)	2 454	2 454	-
PLMS	2 255	-	-	-	-	-	2 255	2 255	-
Total National Government Grants	85 860	34 151 000	-	(74 000)	(33 700 924)	(401 453)	60 483	60 483	-
Provincial Government Grants									
Border Fencing	54 239	-	-	-	-	-	54 239	54 239	-
Civil Defence Subsidy	691 112	300 000	-	-	(78 869)	(695 244)	217 000	217 000	-
Drought Relief	73 874	-	-	-	(73 874)	-	(0)	-	(0)
EPWP	416 523	1 000 000	-	-	(1 335 389)	-	81 134	81 134	-
Fire Equipment Grant	913 410	300 000	-	-	(38 899)	(277 852)	896 659	896 659	-
IDP/LDO	342 065	210 000	-	-	(93 843)	-	458 222	458 222	-
Komaggas Road	1	-	-	-	-	-	1	1	-
SA Projects	8	-	-	-	-	-	8	8	-
Namaqua Sanitation Bucket System	213 395	-	-	-	(56 281)	-	157 114	157 114	-
NC Housing	374 823	81 100	-	-	-	-	455 923	455 923	-
Sakrivier Bridge	8 187	-	-	-	-	-	8 187	8 187	-
Khodiso Pula Nala	-	7 551 000	-	-	(1 125 785)	-	6 425 215	6 425 215	-
Fencing	42 555	-	-	-	(42 555)	-	-	-	-
Electronic Filing System	15 227	-	-	-	-	-	15 227	15 227	-
Total Provincial Government Grants	3 145 419	9 442 100	-	-	(2 845 495)	(973 096)	8 768 928	8 768 928	(0)
Other Grant Providers									
Maintenance Fund	-	-	-	-	-	-	-	-	-
Spoegrivier Sport Ground (Lotto)	5 290	-	-	-	-	-	5 290	5 290	-
Swartkop Sport Ground (Lotto)	207 475	-	-	-	-	-	207 475	207 475	-
Training Reserve (SETA)	81 276	151 676	-	-	(230 952)	-	2 000	2 000	-
Kamiesberg Special Fund	2 297	-	-	-	-	-	2 297	2 297	-
Richtersveld Special Fund	3 013	-	-	-	-	-	3 013	3 013	-
Total Other Grant Providers	299 351	151 676	-	-	(230 952)	-	220 075	220 075	-
Total Grants	3 530 631	43 744 776	-	(74 000)	(36 777 371)	(1 374 549)	9 049 487	9 049 487	(0)

The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received. No grants were withheld.

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Therefore this appendix is not audited.